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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountants or other professional advisers.

If you have sold all your shares in Value Partners China Greenchip Fund Limited, you should at once hand this circular together with the accompanying form of proxy to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

(An exempted company incorporated in the Cayman Islands with limited liability)

(Stock Code: 1186)

**PROPOSED VOLUNTARY WITHDRAWAL OF LISTING OF
THE SHARES FROM THE STOCK EXCHANGE
AND
APPLICATION FOR AUTHORISATION BY THE SFC PURSUANT TO
THE SECURITIES AND FUTURES ORDINANCE UPON
THE PROPOSED CONVERSION OF THE COMPANY
INTO AN OPEN-ENDED MUTUAL FUND CORPORATION**

Financial adviser to Value Partners China Greenchip Fund Limited



Goldbond Capital (Asia) Limited

**Independent financial adviser to the independent board committee and the
shareholders of Value Partners China Greenchip Fund Limited**



CIMB-GK Securities (HK) Limited

A letter from the board of directors of the Company is set out on pages 6 to 21 of this circular. A letter from the independent board committee of the Company containing its recommendation to the shareholders of the Company in connection with the Proposed Conversion (as defined herein) and the Delisting (as defined herein) is set out on page 22 of this circular.

A letter from CIMB-GK Securities (HK) Limited, the independent financial adviser, containing its advice in connection with the Proposed Conversion (as defined herein) and the Delisting (as defined herein) to the independent board committee and the shareholders of the Company is set out on pages 23 to 29 of this circular.

A notice convening an extraordinary general meeting of the Company to be held at Level 14, Three Pacific Place, 1 Queen's Road East, Hong Kong on Monday, 19 March 2007 at 10.00 a.m. is set out on pages 198 to 199 of this circular. Whether or not you intend to attend the meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so desire.

23 February 2007

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

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| “Amendments to the Memorandum and Articles” | the proposed amendments to the Memorandum and Articles (a markup of which is set out in Appendix II to this circular) in order to comply with the Mutual Fund Code and other applicable laws |
| “Amendments to the Investment Management Agreement” | the proposed amendments to the Investment Management Agreement, a summary of which is set out in the letter from the Board contained in this circular, to comply with the Mutual Fund Code |
| “Articles” | the articles of association of the Company |
| “associate(s)” | has the meaning ascribed thereto under the Listing Rules |
| “Authorisation” | authorisation of the Company pursuant to section 104 of the SFO by the SFC under the Mutual Fund Code |
| “Board” | the board of Directors |
| “Cayman Islands Companies Law” | the Companies Law (2004 Revision) of the Cayman Islands |
| “CIMB-GK” or “Independent Financial Adviser” | CIMB-GK Securities (HK) Limited, a corporation licensed under the SFO to conduct types 1 (dealing in securities), 4 (advising on securities) and 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser to the Independent Board Committee and the Shareholders |
| “commodity” or “commodities” | gold, silver, platinum, any other precious metal and any other commodity or merchandise of any nature (other than currency) and any option in respect of any of the foregoing except any option defined in the Articles as a futures contract |
| “Company” | Value Partners China Greenchip Fund Limited, an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange |
| “Connected Person (s)” | in relation to a company (1) any person or company beneficially owning, directly or indirectly, 20% or more of the ordinary share capital of that company or able to exercise directly or indirectly, 20% or more of the total votes in that company; or |

DEFINITIONS

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| | (2) any person or company controlled by a person who or which meets one or both of the descriptions given in (1); or |
| | (3) any member of the group of which that company forms part; or |
| | (4) any director or officer of that company or of any of its connected persons as defined in (1), (2) or (3) above. |
| “Delisting” | the voluntary withdrawal of the listing of the Shares from the Stock Exchange |
| “Directors” | the directors of the Company |
| “Disinterested Shareholders” | all those holders of Shares save for the Directors (but excluding independent non-executive Directors) and the chief executive of the Company and their respective associates, who are required by the Listing Rules to abstain from voting in favour of the resolution regarding the proposed Delisting (although any such Directors, chief executive or their respective associates are entitled to vote against the resolution and, if they do so, will fall within the definition of Disinterested Shareholder) |
| “Effective Date” | the date on which the Proposed Conversion becomes effective and the Delisting takes place |
| “EGM” | the extraordinary general meeting to be convened and held on 19 March 2007 by the Company to approve the Proposed Conversion and the Delisting |
| “Exchange Option” | the option to Shareholders to exchange their Shares for New Shares, exercisable during the Exchange Period |
| “Exchange Period” | the period commencing on the Effective Date and ending on the day which is two months after the Effective Date |
| “Exchange Notice” | a notice to be completed and signed by Shareholders who wish to exercise the Exchange Option |
| “futures contract(s)” | any futures contract which is traded on a Market |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |

DEFINITIONS

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| “Independent Board Committee” | an independent committee of the board of Directors formed for the purpose of advising the Shareholders in connection with the Proposed Conversion and the Delisting |
| “Investment Management Agreement” | the investment management agreement dated 28 March 2002 and entered into between the Company and Value Partners Limited, as amended by various supplemental agreements |
| “Latest Practicable Date” | 21 February 2007, being the latest practicable date prior to the printing of this circular |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Manager” | Value Partners Limited or its successors |
| “Market” | the following, in any part of the world; <ol style="list-style-type: none">(1) in relation to any Security, any stock exchange, over-the-counter market or other organised securities market that is open to the international public and on which such Securities are regularly traded; and(2) in relation to any commodity or futures contract any futures exchange, over-the-counter market or other organised futures market that is open to the international public and on which such commodities or futures contracts are regularly traded |
| “Memorandum” | the memorandum of association of the Company |
| “Mutual Fund Code” | the SFC’s Code on Unit Trusts and Mutual Funds |
| “Net Asset Value” | the net asset value of the Company or the Shares or New Shares, as appropriate, as calculated in accordance with the Articles |
| “New Shares” | the proposed new redeemable shares with a par value of HK\$0.10 in the share capital of the Company which may be evidenced either by contract notes issued by the administrator’s agent or share certificates of the Company |
| “Proposed Conversion” | the proposed conversion of the Company into an open-ended mutual fund corporation authorised by the SFC under the Mutual Fund Code |

DEFINITIONS

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| “Prospectus” | the listing document issued by the Company dated 3 April 2002 |
| “Securities” or “Security” | <p>any share, stock, debenture, loan stock, bond, security, commercial paper, acceptance, trade bill, treasury bill, instrument or note of, or issued by or under the guarantee of, any body, whether incorporated or unincorporated, or of any government or local government authority or supranational body, whether paying interest or dividends or not and whether fully-paid, partly paid or nil paid and includes (without prejudice to the generality of the foregoing):</p> <ol style="list-style-type: none">(1) any right, option or interest (howsoever described) in or in respect of any of the foregoing, including units in any unit trust;(2) any certificate of interest or participation in, or temporary or interim certificate for, receipt for or warrant to subscribe or purchase, any of the foregoing;(3) any instrument commonly known or recognised as a security;(4) any receipt or other certificate or document evidencing the deposit of a sum of money, or any rights or interests arising under any such receipt, certificate or document; and(5) any bill of exchange and any promissory note |
| “SFC” | the Securities and Futures Commission of Hong Kong |
| “SFO” | the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended and supplemented from time to time |
| “Shares” | the non-redeemable shares with a par value of HK\$0.10 each in the share capital of the Company |
| “Shareholders” | the holders of the Shares |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Valuation Day” | the last business day of each calendar month |
| “%” | per cent. |

EXPECTED TIMETABLE

The timetable for the Delisting and related matters is currently expected to be as follows:

2007

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| Latest time for lodging proxy forms for the EGM | 10:00 a.m. on Saturday, 17 March |
| EGM | 10:00 a.m. on Monday, 19 March |
| Announcement of the results of the EGM to be published in newspapers | Tuesday, 20 March |
| Last day of dealings in the Shares on the Stock Exchange | Tuesday, 20 March |
| Dealings in the Shares on the Stock Exchange cease | Wednesday, 21 March |
| Last day of listing of the Shares on the Stock Exchange | Friday, 23 March |
| Latest time for lodging the transfer documents to the share registrar of the Company in Hong Kong, Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong | 4:00 p.m. on Friday, 23 March |
| Withdrawal of the listing of the Shares on the Stock Exchange at 9:30 a.m. | Monday, 26 March |
| Authorisation of the Company as an authorised mutual fund | Monday, 26 March under section 104 of the SFO |
| Despatch of Exchange Notice | Monday, 26 March |
| Last day for lodging the Exchange Notice | Friday, 25 May |

Further announcement will be made should there be any changes to the above expected timetable.

LETTER FROM THE BOARD

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

(An exempted company incorporated in the Cayman Islands with limited liability)

(Stock Code: 1186)

Executive Directors:

Cheah Cheng Hye
Ngan Wai Wah, Franco
So Chun Ki, Louis (*Chairman*)
Teng Ngiek Lian

Non-executive Director:

Yeung Kin Sing, William

Independent non-executive Directors:

Li Aubrey Kwok Sing
Ng Ka Wai, Eric
Paul Marin Theil

Registered office:

P.O. Box 309 GT
Ugland House
South Church Street
George Town
Grand Cayman
Cayman Islands
British West Indies

Principal place of business:

Level 14
Three Pacific Place
1 Queen's Road East
Hong Kong

23 February 2007

To the Shareholders

Dear Sir or Madam,

**PROPOSED VOLUNTARY WITHDRAWAL OF LISTING OF
THE SHARES FROM THE STOCK EXCHANGE
AND
APPLICATION FOR AUTHORISATION BY THE SFC PURSUANT TO THE
SECURITIES AND FUTURES ORDINANCE UPON
THE PROPOSED CONVERSION OF THE COMPANY
INTO AN OPEN-ENDED MUTUAL FUND CORPORATION**

INTRODUCTION

The Company announced on 15 February 2007 that it obtained approval-in-principle in respect of the application for Authorisation from the SFC on 2 February 2007, and that it proposed a voluntary withdrawal of listing of the Shares from the Stock Exchange as the Company will no longer satisfy the listing requirements as an investment company (as set forth in Chapter 21 of the Listing Rules) if the Proposed Conversion proceeds.

The SFC's approval-in-principle is subject to satisfaction of certain conditions imposed by the SFC, including obtaining Shareholders' approval of the Amendments to the Memorandum and Articles and the Amendments to the Investment Management Agreement, and obtaining the Stock Exchange's approval of the Delisting.

LETTER FROM THE BOARD

The Independent Board Committee comprising all independent non-executive Directors (who have no direct or indirect interest in the Proposed Conversion and the Delisting other than as a Shareholder) has been established to advise the Shareholders in respect of the Proposed Conversion and the Delisting. CIMB-GK has been appointed by the Independent Board Committee as the independent financial adviser to advise the Independent Board Committee and the Shareholders regarding the Proposed Conversion and the Delisting.

CONVERSION OF THE COMPANY INTO AN OPEN-ENDED MUTUAL FUND CORPORATION

The Proposed Conversion will be effected by (1) amending the Memorandum and Articles, among other things, to comply with the Mutual Fund Code; (2) amending the Investment Management Agreement, among other things, to comply with the Mutual Fund Code; (3) obtaining the Authorisation; and (4) any further actions which may be required by the SFC.

Amendments to the Memorandum and Articles

It is proposed that the objects clause in the Memorandum will be amended to allow the Company to have full power and authority to carry out any object not prohibited under the Cayman Islands Companies Law or any other law of the Cayman Islands.

It is proposed that the Articles will be amended, among other things, to:

- (1) create a new class of redeemable shares with a par value of HK\$0.10 in the share capital of the Company (i.e. the New Shares);
- (2) allow Shareholders to redeem New Shares;
- (3) allow Shareholders to require the Company, at any time, to purchase Shares from them for an amount equal to the Net Asset Value per Share less all applicable charges and allowances; and
- (4) ensure that the investment restrictions contained in the Articles comply with the Mutual Fund Code.

The proposed Amendments to the Memorandum and Articles are subject to Shareholders' approval by way of a special resolution at the EGM. It is proposed that the revised Memorandum and Articles will become effective on the Effective Date. A document showing all the proposed changes to the Memorandum and Articles relative to the existing Memorandum and Articles is set out in Appendix II to this circular, and the major changes are summarised below.

A. Creation of the New Shares

In order to become an open-ended mutual fund corporation, it is proposed that a new class of redeemable shares in the Company will be created. As such, the Articles will be amended to provide for such a new class of shares (i.e. the New Shares), including provisions as to the mechanism for the issue and redemption of such shares.

LETTER FROM THE BOARD

B. Mechanism for the repurchase of Shares and redemption of New Shares

In order to comply with the requirement of the Mutual Fund Code that there must be at least one regular dealing day per month for the shares or units of collective investment schemes authorised thereunder, it is proposed that the Articles will be amended to provide for the repurchase of Shares and redemption of New Shares. The proposed new provisions may be summarised as follows:

- (1) any repurchase of Shares or redemption of New Shares can be effected on a Valuation Day provided that the requests for each repurchase or redemption, as appropriate, is received by the Manager on or before 5:00 p.m. on a business day which falls within the period commencing on the 10th day, and ending on the 15th day, of the calendar month in which that Valuation Day falls (or such other days as the Manager may permit at its discretion); and
- (2) the Shares will be repurchased, or New Shares redeemed, at a price equal to the Net Asset Value per Share calculated on the relevant Valuation Day less all applicable charges and allowances.

It is proposed that a charge of up to 5% of the redemption price per New Share may be imposed. However, no such charge will be payable on (i) redemption of New Shares which have been held for more than two years; (ii) redemption of New Shares issued to Shareholders pursuant to the Exchange Option or (iii) the repurchase of Shares.

C. Amendments to the investment restrictions

In order to comply with the applicable provisions of the Mutual Fund Code, it is proposed that the investment restrictions of the Company, the details of which are currently contained in the Prospectus, will be set out in full in the Articles.

Limitation on the size of holdings

The major proposed amendments to the limitation on the size of holdings of the Company may be summarised as follows:

- (1) not more than 10% (currently 20%, as stated in the Prospectus) of the Company's latest available Net Asset Value may be invested in Securities (other than Government and other public Securities) issued by any single issuer;
- (2) the Company may not hold more than 10% of any ordinary shares (currently 20% of any one class of security, as stated in the Prospectus) issued by any single issuer;
- (3) not more than 15% (currently 30%, as stated in the Prospectus) of the Company's latest available Net Asset Value may be invested in Securities which are neither listed nor quoted on a stock exchange, over-the-counter market or other organised securities market which is open to the international public and on which such Securities are regularly traded;

LETTER FROM THE BOARD

- (4) the value of the Company's total holding of warrants and options in terms of the total amount of premium paid (other than for hedging purposes) may not exceed 15% (currently 20%, as stated in the Prospectus) of its latest available Net Asset Value; and
- (5) short sales are allowed (currently prohibited, as stated in the Prospectus) provided as a consequence of such sales the liability of the Company to deliver Securities would not exceed 10% of its latest available Net Asset Value, and for this purpose Securities sold short must be actively traded on a market where short selling is permitted.

Proposed new provisions relating to the limitation on the size of holdings of the Company may be summarised as follows:

- (1) not more than 30% of the Company's latest available Net Asset Value may be invested in Government and other public Securities of a single issue, save that the Company may invest all of its assets in Government and other public securities in at least six different issues; and
- (2) not more than 20% of the Company's latest available Net Asset Value may be invested in (i) commodities, including physical commodities, forward and futures contracts in respect of commodities, options on commodities, options on futures contracts in respect of commodities, and other commodity-based investments and excluding, for this purpose, Securities of companies engaged in the production, processing or trading of commodities, and (ii) futures contracts on an unhedged basis by reference to the net aggregate value of contract prices, whether payable to or by the Company.

It is proposed that the following provisions relating to the limitation on the size of holdings will be removed from the investment restrictions as stated in the Prospectus:

- (1) the Company may not, either on its own or in conjunction with any connected person (as defined under the Listing Rules), take legal, or effective, management control of underlying investments and in no event will the Company itself or through its wholly-owned subsidiaries, if any, own or control more than 30% (or such other percentage as may from time to time be specified in the Hong Kong Code on Takeovers and Mergers as being the level for triggering a mandatory general offer) of the voting rights in any one company or body, except in relation to such wholly-owned subsidiaries of the Company, if any; and
- (2) not more than 5% of the Company's latest available Net Asset Value may be invested in futures contracts which are traded on the Hong Kong Futures Exchange Limited or any other recognised international futures exchange (but without prejudice to the Manager's right to take positions in such futures contracts in order to protect the assets of the Company against adverse and unusual currency or market fluctuations).

LETTER FROM THE BOARD

Prohibited transactions

Proposed new provisions relating to prohibited transactions will prohibit the Company from:

- (1) investing in a unit trust, mutual fund corporation or other collective investment scheme which is managed by the Manager or any of its Connected Persons which would result in an increase in the overall total of initial charges, Manager's annual fee, or any other costs and charges payable to the Manager or any of its Connected Persons borne by the shareholders or by the Company. Furthermore, although the requirement that no more than 10% of the Company's latest available Net Asset Value may be invested in other collective investment scheme remains unchanged, a new restriction, namely the objective of such collective investment schemes may not be to invest primarily in any investment prohibited by the other investment restrictions of the Company, and where the objective of such collective investment schemes is to invest primarily in investments restricted by the other investment restrictions of the Company, such holdings may not be in contravention of the relevant limitation, is imposed;
- (2) investing in a Security of any class in any company or body if directors and officers of the Manager individually own more than 0.5% of the total nominal amount of all the issued Securities of that class or collectively own more than 5% of those Securities;
- (3) granting call options over investments held by the Company the total value of which, in terms of the prices at which all such options may be exercised, exceeds 25% of its latest available Net Asset Value; and
- (4) applying any part of the Company's assets in the acquisition of any investments which are for the time being nil paid or partly paid in respect of which a call is due to be made unless such call could be met in full out of cash or near cash forming part of the Company which has not been appropriated and set aside for any other purposes and, save with the consent of the Manager or the Board, applying any part of the Company's assets in the acquisition of any other investment which is in the opinion of the Manager or the Board likely to involve the Company in any liability (contingent or otherwise).

Proposed new provisions relating to prohibited transactions will allow the Company to:

- (1) invest in SFC authorised/permitted real estate investment trusts (REITs);
- (2) grant or create in favour of any person any option provided that, in the case of call options, where the option is covered by Securities and, in the case of put options, where the option is covered by cash or near cash in each case held by the Company throughout the period from the grant of the option to the exercise of the option;
- (3) make a loan provided that the prior written consent of both the custodian and the Board are obtained; and

LETTER FROM THE BOARD

- (4) assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person in respect of borrowed money provided that the prior written consent of both the custodian and Board are obtained.

It is proposed that the following provision relating to prohibited transactions will be removed from the investment restrictions as stated in the Prospectus:

- (1) the Company may not invest directly in physical commodities (or any options, rights or interests in respect thereof).

Stock lending

Proposed new provisions in respect of stock lending by the Company may be summarised as follows:

- (1) any security lending agreement may be entered into only if (i) the relevant Securities lent are fully paid-up Securities listed or quoted on a Market; (ii) the amount of the consideration (including the value of any collateral security) given for the relevant Securities exceeds the value of such Securities at any one time based on daily marked to market values; (iii) the counterparts' financial standings, either based on reputable credit rating agencies, or, in the reasonable opinion of the Manager, are equivalent to at least A2/P2; and (iv) the Company is entitled at any time to terminate the agreement and demand the immediate return of all Securities lent; and
- (2) no more than 50% of Securities of the same issue, or of the same kind (by value to be determined in accordance with the Articles), held in respect of the Company may be the subject of security lending agreements at any one time.

Any incremental income earned from any security lending agreement may be split between the Company and any security lending agent in such proportion as the Manager may determine in each case, provided that the amount payable to any security lending agent should not exceed 30% of such incremental income.

Amendments to the Investment Management Agreement

On 1 April 2005, a supplemental agreement was entered into between the Company and Value Partners Limited, the Manager, to, amongst other things, extend the term of the Investment Management Agreement for two years commencing on 4 April 2005. The relevant resolutions were passed on 27 January 2006 by way of poll. The Company confirmed that it is in compliance with with Chapter 14A of the Listing Rules regarding the transaction under the existing Investment Management Agreement. Shareholders are advised to refer to the announcements of the Company 1 April 2005, 8 November 2005, 16 December 2005 and 29 December 2005 relating to the Investment Management Agreement.

LETTER FROM THE BOARD

In order to comply with the applicable provisions of the Mutual Fund Code, it is proposed that the Investment Management Agreement will be amended. The major proposed amendments may be summarised as follows:

- (1) the duties of the Manager will be amended to include:
 - (i) approving and entering into any agreements or documents relating to the management or investment of the portfolio of the Company;
 - (ii) maintaining the books and records of the Company and preparing, or causing to be prepared, the Company's accounts and reports; and
 - (iii) ensuring that the Articles are made available for inspection by public in Hong Kong;
- (2) the power of the Manager to appoint investment adviser(s) will be subject to the prior approval of the SFC;
- (3) the current management fee of 1.5% per annum will remain unchanged, however this will become subject to a maximum of 2% per annum;
- (4) the current, and maximum, performance fee will increase from 12% to 15% of the appreciation in the Net Asset Value per Share or New Share, as appropriate;
- (5) the term of appointment of the Manager will change from a fixed term to an indefinite term continuing until terminated in accordance with the provisions of the Investment Management Agreement;
- (6) a new clause will be included which provides that, if (i) the Directors shall form the opinion for good and sufficient reason and shall so state in writing to the Manager that a change of Manager is desirable in the interests of the Shareholders; or (ii) the SFC withdraws its approval of the Manager as manager of the Company, the Directors will be able to remove the Manager from office, and the SFC must be informed by the Directors of any decision to remove the Manager;
- (7) a new clause will be included which provides that, upon the retirement or dismissal of the Manager, the Directors must appoint a new manager as soon as possible, subject to the prior approval of the SFC;
- (8) a list of goods and services which the Manager is not permitted to receive by way of soft commissions will be included; and
- (9) the annual limit of all amounts payable by the Company to the Manager will be removed.

LETTER FROM THE BOARD

Change in custodian and appointment of administrator

The custodian of the Company will change from Standard Chartered Bank to HSBC Institutional Trust Services (Asia) Limited at 1 Queen's Road Central, Hong Kong. In addition, Bank of Bermuda (Cayman) Limited will be appointed as the administrator of the Company. Both the change of custodian and appointment of administrator will be effected on the Effective Date. Shareholders should note that, on the Effective Date, the register of members of the Company will be transferred from the existing share registrar of the Company to Bank of Bermuda (Cayman) Limited and thereafter all Shares registration functions will be carried out through HSBC Institutional Trust Services (Asia) Limited as the administrator's agent. Upon such a transfer, HSBC Institutional Trust Services will perform "Know Your Customer" procedures on all Shareholders whose names appear on the register of members of the Company.

Explanatory memorandum

A draft explanatory memorandum is attached to this circular as Appendix III and sets out details of the Company, including the terms on which it is proposed that investors may subscribe for New Shares following the Proposed Conversion. The attached draft explanatory memorandum has been vetted by the SFC for compliance with the Mutual Fund Code. The final version of the explanatory memorandum will be dated and issued on the Effective Date.

THE DELISTING

The Company is currently a close-ended investment company listed on the Stock Exchange under Chapter 21 of the Listing Rules. If the Proposed Conversion, which is subject to the conditions detailed below, proceeds, the Shares will have to be delisted since the Company will no longer satisfy the listing requirements as an investment company as set forth in Chapter 21 of the Listing Rules. The Company has therefore submitted an application for approval from the Listing Committee of the Stock Exchange for the proposed voluntary withdrawal of listing of the Shares on the Stock Exchange pursuant to Chapter 6 of the Listing Rules, subject to the conditions set out below.

CONDITIONS OF THE PROPOSED CONVERSION AND THE DELISTING

The Proposed Conversion is conditional upon:

- (1) approval of the Amendments to the Memorandum and Articles by the Shareholders on the terms and conditions of resolution numbered 1 set out in the notice of EGM attached to this circular;
- (2) approval of the Amendments to the Investment Management Agreement by the Shareholders on the terms and conditions of resolution numbered 3 set out in the notice of EGM attached to this circular;
- (3) grant by the SFC of the Authorisation; and
- (4) any other conditions imposed by the SFC and/or the Stock Exchange,

where none of the conditions will be able to be waived by the Company, in whole or in part, unless the SFC allows otherwise.

LETTER FROM THE BOARD

The Delisting is conditional upon:

- (1) approval of the Delisting, on the terms and conditions of resolution numbered 2 set out in the notice of EGM attached to this circular, by at least 75% of the votes attaching to the Shares held by the Disinterested Shareholders voting either in person or by proxy at the EGM;
- (2) the number of votes cast against the resolution referred to in (1) above being not more than 10% of the votes attaching to the Shares held by the Disinterested Shareholders permitted to vote either in person or by proxy at the EGM; and
- (3) the approval from the Listing Committee of the Stock Exchange for the withdrawal of listing of the Shares on the Stock Exchange.

where none of the conditions will be able to be waived by the Company, in whole or in part, unless the Stock Exchange allows otherwise.

The Proposed Conversion and the Delisting will also be inter-conditional on each other. Accordingly the Proposed Conversion and the Delisting will both complete and take place on the same day.

If all the special resolutions set out therein the notice of EGM attached to this circular have been passed in the EGM, the Company will be required to submit an application for registration as a mutual fund with the Cayman Islands Monetary Authority pursuant to the Mutual Funds Law (2003 Revision) (as amended) of the Cayman Islands. It is expected that the registration will be granted by the Cayman Islands Monetary Authority prior to the Effective Date. Further announcement will be made by the Company if such registration leads to any changes to the expected timetable for the Proposed Conversion and the Delisting.

THE EXCHANGE OPTION

On the Effective Date or as soon as practicable thereafter the Company will despatch the Exchange Notice to Shareholders, which should be completed, signed and returned by Shareholders who wish to exercise the Exchange Option to HSBC Institutional Trust Services (Asia) Limited, the then custodian and administrator's agent of the Company. Upon the receipt of a duly completed and signed Exchange Notice within the Exchange Period, the Company will repurchase and cancel the Shares and issue the same number of New Shares to such Shareholders as soon as practicable thereafter.

As an alternative to exercising the Exchange Option, existing Shareholders may elect to continue to hold their Shares and, for so long as any Shareholder continues to hold Shares, the Company will have two classes of shares in issue, one class being non-redeemable (i.e. the Shares) and one class being redeemable (i.e. the New Shares). The rights and privileges attached to the Shares and the New Shares will be substantially the same except for the right of redemption attached to the New Shares. There will be a redemption charge imposed on the redemption of New Shares except (i) where the New Shares were issued as a result of the exercise of the Exchange Option or (ii) the New Shares have been held for more than two years. Existing Shareholders will be allowed under the proposed revised Memorandum and Articles to require the Company, at any time, to purchase Shares from them for an amount equal to the Net Asset Value per Share less all applicable charges and allowances.

LETTER FROM THE BOARD

ARRANGEMENT FOR EXERCISING THE EXCHANGE OPTION OR REQUESTING THE COMPANY TO REPURCHASE THE SHARES

Shareholders who wish to exchange the Shares for New Shares should lodge their share certificates together with the duly completed and signed Exchange Notice with HSBC Institutional Trust Services (Asia) Limited, to effect an exchange during the Exchange Period. Persons who hold their Shares through brokers may instruct their brokers either to transfer the share certificates to their own names to carry out the abovementioned exchange procedure or, if their brokers agree to continue to provide nominee services, to continue to act as their nominees to effect the exchange on their behalf.

Shareholders who wish to request the Company to repurchase Shares should contact HSBC Institutional Trust Services (Asia) Limited, the custodian and administrator's agent of the Company upon Delisting. Persons who hold their Shares through brokers may instruct their brokers to transfer the share certificates to their own names to carry out the abovementioned repurchase procedure or may instruct their brokers, if the brokers agrees to continue to provide nominee services, to continue to act as their nominees to effect the repurchase on their behalf.

Persons who hold Shares through brokers and who wish to transfer their Shares into their own names are reminded that any registration of their Shares in their own names will be subject to the normal "Know Your Customer" procedures performed by HSBC Institutional Trust Services (Asia) Limited. Persons who hold Shares through brokers and wish to request the Company to repurchase their Shares will also be subject to the same "Know Your Customer" procedures performed by HSBC Institutional Trust Services (Asia) Limited.

For any further enquiry regarding the above arrangement, please contact either Mr. Timothy Tse, the Company Secretary of the Company at (852) 2880 9263 or Mr. Alvin Chan, the Officer - Investor Services, Alternative Fund Services of HSBC Institutional Trust Services (Asia) Limited at (852) 2847 2676.

INFORMATION ON THE COMPANY

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 16 January 2002. The principal investment objective of the Company is to achieve medium-term capital growth through investing mainly in listed and unlisted companies established in Greater China or which derive a majority of their revenue from business related to Greater China, whether in the form of direct investment or trade. Its investments are normally made in the form of equity or debt related securities.

The Company seeks to invest primarily in companies, typically with a small market capitalisation below US\$200.0 million or its equivalent while the investment manager of the Company typically performs its own investment research, including but not limited to frequent company visits, and focuses on companies that do not attract research coverage by major international institutional investors.

The Company was listed on the Stock Exchange on 8 April 2002 and was intended to have an initial life of five years from the date of the placing of the Shares when the Company was listed on the Stock Exchange. Under the current Articles, Shareholders have the opportunity to vote in general meeting

LETTER FROM THE BOARD

to extend the life of the Company for successive periods of two years each, or else upon the expiration of the initial term of five years (or such longer term if the life of the Company is extended in the manner described above), the Company will be wound up and dissolved in accordance with the Cayman Islands Companies Law.

FINANCIAL INFORMATION OF THE COMPANY

Set out below is a summary of the financial information of the Company extracted from the 2005 annual report of the Company.

| | 2004 | 2005 |
|---------------------------------------|-------------|-------------|
| | <i>HK\$</i> | <i>HK\$</i> |
| <i>For the year ended 31 December</i> | | |
| Total investment income | 25,164,907 | 79,379,201 |
| Net profit before tax | 11,983,266 | 47,892,459 |
| Net profit after tax | 11,970,615 | 99,033,656 |
| Basic earnings per Share | 0.39 | 3.23 |
| <i>As at 31 December</i> | | |
| Net asset value | 578,691,454 | 676,872,476 |

For the six months ended 30 June 2006, the Company recorded unaudited consolidated total investment income of approximately HK\$181.1 million (2005: approximately HK\$20.4 million) and unaudited profit attributable to Shareholders was approximately HK\$123.1 million (2005: approximately HK\$10.7 million), with basic earnings per Share of approximately HK\$4.0 (2005: approximately HK\$0.4). As at 30 June 2006, the unaudited net asset value of the Company amounted to approximately HK\$800.0 million (2005: approximately HK\$589.2 million). The latest published unaudited net asset value per Share was HK\$32.4807 as at 31 January 2007.

NATURE OF ASSETS OF INVESTMENT PLAN

A summary of the underlying assets in the investment portfolio of the Company (including the country of origin of the investee companies) as at 30 June 2006 and as disclosed in the latest interim report of the Company is set out below:

Listed Equity Securities

China

| | |
|--|---|
| China Vanke Co Ltd – B shares | CSG Holding Co Ltd – B shares |
| Dazhong Transportation (Group) Co Ltd – B shares | Konka Group Co Ltd – B shares |
| Luthai Textile Co Ltd – B shares | Shanghai Diesel Engine Co Ltd – B shares |
| Shanghai Friendship Group Co Ltd – B shares | Shanghai Zhenhua Port Machinery (Group) Co Ltd – B shares |
| Weifu High-Technology Co Ltd – B shares | |

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Hong Kong

Aeon Credit Service (Asia) Co Ltd
BYD Co Ltd – H shares
Chia Hsin Cement Greater China Holding Corp
China Resources Land Ltd
CNOOC Ltd
Dongfeng Motor Group Co Ltd – H shares
Enerchina Holdings Ltd
First Natural Foods Holdings Ltd
Good Friend International Holdings Inc
Group Sense (International) Ltd
Guangzhou Pharmaceutical Co Ltd – H shares
Heng Tai Consumables Group Ltd
Hop Fung Group Holdings Ltd
Karrie International Holdings Ltd
Kowloon Development Co Ltd
Lijun International Pharmaceutical
(Holding) Co Ltd
Mirabell International Holdings Ltd
NewOcean Energy Holdings Ltd
Ocean Grand Holdings Ltd
Panva Gas Holdings Ltd
Pico Far East Holdings Ltd
Road King Infrastructure Ltd
Shimao Property Holdings Ltd
Shougang Concord Century Holdings Ltd
Solomon Systech (International) Ltd
Sun Hing Vision Group Holdings Ltd
Tongda Group Holdings Ltd
TPV Technology Ltd
Varitronix International Ltd
Vtech Holdings Ltd

Baoye Group Co Ltd – H shares
Chaoda Modern Agriculture (Holdings) Ltd
China Green (Holdings) Ltd
China Shenhua Energy Co Ltd – H shares
CP Pokphand Co Ltd
EcoGreen Fine Chemicals Group Ltd
Far East Consortium International Ltd
Glorious Sun Enterprises Ltd
Great Wall Motor Co Ltd – H shares
Guangzhou Investment Co Ltd
GZI Transport Ltd
HKR International Ltd
Hopefluent Group Holdings Ltd
Kingmaker Footwear Holdings Ltd
Lee & Man Holding Ltd
Mainland Headwear Holdings Ltd
Natural Beauty Bio-technology Ltd
NWS Holdings Ltd
Pacific Andes International Holdings Ltd
PetroChina Co Ltd – H shares
Proview International Holdings Ltd
Shanghai Real Estate Ltd
Shinhint Acoustic Link Holdings Ltd
Shui On Construction and Materials Ltd
Starlight International Holdings Ltd
Tingyi (Cayman Islands) Holdings Corp
Topsearch International (Holdings) Ltd
Truly International Holdings Ltd
VS International Group Ltd
Zhejiang Shibao Co Ltd – H shares

Singapore

China Essence Group Ltd
Elec & Eltek International Co Ltd
Surface Mount Technology (Holdings) Ltd

China Fishery Group Ltd
Pacific Andes (Holdings) Ltd
Want Want Holdings Ltd

Taiwan

Zinwell Corp

United Kingdom

China Biodiesel International Holding Co Ltd

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Unlisted Equity Securities

Barbados

Coral Waters (Barbados) SRL

Cayman Islands

Shui On Land Ltd – Junior preference shares Shui On Land Ltd – Senior preference shares

Debt Securities

Hong Kong dollar

Coral Waters (Barbados) SRL Convertible Golden Meditech Co Ltd 1% 06/09/2007
Note 0% 31/10/2007

Jinheng Automotive Safety Technology Spread Prospects Holdings Ltd 4%
Holdings Ltd Convertible Note 7% 01/12/2006
7/04/2007

United States dollar

China Hui Yuan Juice Holdings Co Ltd Shui On Development (Holding) Ltd 8.5%
Convertible Bonds Variable Coupon Senior Notes B 12/10/2008
28/06/2011

Warrants

Hong Kong

Shui On Land Ltd 12/10/2008 Topsearch International (Holdings) Ltd
31/10/2008

Futures

Hong Kong

Hang Seng China Enterprises Index Futures Hang Seng Index Futures 07/2006
07/2006

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE OF THE COMPANY

The Company does not have any outstanding options, and there are no other classes of securities of the Company in issue. As at the Latest Practicable Date, there are 30,650,000 Shares in issue, and the interests of the Director and the substantial Shareholders are set out below:

| Name of Shareholder | Number of Shares held | Approximate % |
|--|-----------------------|---------------|
| Mr. Cheah Cheng Hye | 200,000 | 0.65% |
| QVT Financial GP LLC ⁽¹⁾ | 9,090,000 | 29.66% |
| QVT Associates GP LLC ⁽²⁾ | 7,754,559 | 25.30% |
| Deutsche Bank Aktiengesellschaft ⁽³⁾ | 6,940,000 | 22.64% |
| Stichting Shell Pensioenfond | 4,000,000 | 13.05% |
| Sarasin Investmentfonds SICAV-Emergingsar/ Emergingsar-Asia | 3,069,500 | 10.01% |

Notes:

- (1) QVT Financial GP LLC is deemed to be interested in the Shares through its controlled corporation, QVT Financial LP.
- (2) QVT Associates GP LLC is deemed to be interested in the Shares through its controlled corporation, QVT Fund LP.
- (3) Deutsche Bank Aktiengesellschaft is deemed to be interested in 6,940,000 Shares through its controlled corporation, Deutsche Bank AG London Branch, which has a security interest in the Shares.

REASONS FOR THE PROPOSED CONVERSION AND THE DELISTING

The life of the Company was initially to expire on 3 April 2007 as contemplated under article 192 of the Articles. However, pursuant to a resolution of the Shareholders passed on 30 May 2006, in the event that the Proposed Conversion and the Delisting are not completed on or before the expiry of the life of the Company on 3 April 2007, the life of the Company will be extended for a further two years to 3 April 2009.

The conversion of the Company into an open-ended SFC authorised mutual fund corporation would allow for the subscription and redemption of New Shares at Net Asset Value (plus, in the case of subscription, any applicable fiscal and purchase charges and initial charge, and, in the case of redemption, less any applicable fiscal and sale charges and redemption charge), thus eliminating the disadvantage that existing Shareholders currently face of having to sell at a price that is at a discount to Net Asset Value. The conversion will also extend the life of the Company indefinitely. If authorised by the SFC, the Company will also be exempted from Hong Kong profits tax. Since the Company will no longer satisfy the listing requirements as an investment company under Chapter 21 of the Listing Rules if the Proposed Conversion proceeds, the Company proposes a voluntary withdrawal of listing of the Shares from the Stock Exchange.

LETTER FROM THE BOARD

Following the Delisting, Shareholders will be able to liquidate, or exit, their investment in the Shares and New Shares as follows.

In the case of Shareholders who have exercised the Exchange Option and hold New Shares as a result, or in the case of the Shareholders who have not exercised the Exchange Option and continue to hold Shares, the Shareholders will be able to redeem New Shares or to require the Company, at any time, to purchase Shares from them (as applicable), in each case for an amount equal to the Net Asset Value per Share less, if applicable, charges and allowance by submitting a redemption notice or purchase notice respectively to the Company. Under the terms of the proposed Amendments to the Memorandum and Articles, payment must be made within one calendar month from the receipt of a properly documented redemption notice or purchase notice (as the case may be). Shareholders are advised to refer to paragraph B headed “Mechanism for the repurchase of Shares and redemption of New Shares” under “Amendments to the Memorandum and Articles” of the section headed “Conversion of the Company into an open-ended mutual fund corporation” for details.

The Directors consider this to be a reasonable, and indeed a better, alternative means of exit as the trading price has been for most of the time below the Net Asset Value per Share. In addition, an EGM will be convened to seek the approval in respect of the Delisting from the Disinterested Shareholders. The Delisting may proceed only if, inter alia, at least 75% of the votes attaching to the Shares held by the Disinterested Shareholders (voting either in person or by proxy at the EGM) vote in favour and no more than 10% of the votes attaching to the Shares held by the Disinterested Shareholders (voting in person or by proxy at the EGM) vote against the Delisting. The Directors consider that the Company is in compliance with Rule 6.12 of the Listing Rules regarding the Delisting. The Directors, including the independent non-executive Directors, consider that the Proposed Conversion and the Delisting are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

EGM

The EGM will be held to consider and, if thought fit, approve the necessary resolutions set out in the attached notice of EGM in respect of the Proposed Conversion and the Delisting. Pursuant to Rule 6.13 of the Listing Rules, the Directors (except for the independent non-executive Directors) and their respective associates will abstain from voting in favour of the resolution in respect of the Delisting at the EGM (resolution (2) in the attached notice of EGM). Any such Directors may, however, vote against this resolution if he so wishes.

In order to be valid, the enclosed form of proxy, together with any power of attorney or other authority under which it is signed, must be delivered to the office of the Company’s share registrar and transfer office, Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the enclosed form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

PROCEDURE TO DEMAND A POLL

The following paragraphs set out the procedure by which the Shareholders may demand a poll at a general meeting of the Company (including the EGM) pursuant to the Articles.

LETTER FROM THE BOARD

Pursuant to article 87 of the Articles, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by:

- (a) the chairman of such meeting; or
- (b) at least five Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (c) a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and representing in the aggregate not less than one-tenth of the total voting rights of all Shareholders having the right to attend and vote at the meeting; or
- (d) a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and holding Shares in the Company conferring a right to attend and vote at the meeting being Shares on which an aggregate sum has been paid up equal or not less than one-tenth of the total sum paid up on all Shares conferring that right.

In addition, pursuant to Rule 13.39(6) of the Listing Rules, the resolution in respect of the Delisting (resolution (2) in the attached notice of EGM) shall be decided on a poll.

RECOMMENDATION

The Directors are of the view that the Proposed Conversion and the Delisting are in the interest of the Shareholders and, accordingly, recommend the Shareholders to vote in favour of the resolutions approving the Proposed Conversion and the Delisting at the EGM.

Your attention is drawn to (i) the letter from the Independent Board Committee set out on page 22 of this circular which contains its advice in relation to the Proposed Conversion and the Delisting to the Shareholders and (ii) the letter from CIMB-GK to the Independent Board Committee and the Shareholders set out on pages 23 to 29 of this Circular which contains its advice thereto in relation to the Proposed Conversion and the Delisting and the principal factors and reasons considered by CIMB-GK in arriving at its advice.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
By order of the board
VALUE PARTNERS CHINA GREENCHIP FUND LIMITED
So Chun Ki, Louis
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

(An exempted company incorporated in the Cayman Islands with limited liability)

(Stock Code: 1186)

To the Shareholders

23 February 2007

Dear Sir and Madam,

**PROPOSED VOLUNTARY WITHDRAWAL OF LISTING OF
THE SHARES FROM THE STOCK EXCHANGE (“DELISTING”)
AND
APPLICATION FOR AUTHORISATION BY THE SFC PURSUANT TO THE
SECURITIES AND FUTURES ORDINANCE UPON
THE PROPOSED CONVERSION OF THE COMPANY
INTO AN OPEN-ENDED MUTUAL FUND CORPORATION
 (“PROPOSED CONVERSION”)**

We refer to the circular issued by the Company to its shareholders dated 23 February 2007 (the “**Circular**”) of which this letter forms part. Terms defined in the Circular have the same meanings when used in this letter unless the context otherwise requires.

We have been appointed by the Board to consider the Proposed Conversion and the Delisting as to whether, in our opinion, the arrangements contemplated thereunder are fair and reasonable so far as the Shareholders are concerned. CIMB-GK Securities (HK) Limited (the “**Independent Financial Adviser**”) has been appointed as the independent financial adviser to advise us in this respect.

We wish to draw your attention to the letter from the Board and the letter from the Independent Financial Adviser as set out on pages 23 to 29 in the Circular. Having considered the principal factors and reasons considered by, and the advice of, the Independent Financial Adviser as set out in its letter of advice, we consider that the Proposed Conversion and the Delisting are in the interest of the Shareholders and fair and reasonable so far as the Shareholders are concerned. Accordingly, we recommend the Shareholders to vote in favour of the resolutions to approve the Proposed Conversion and the Delisting at the extraordinary general meeting of the Company to be held on 19 March 2007.

Yours faithfully,

For and on behalf of the Independent Board Committee
VALUE PARTNERS CHINA GREENCHIP FUND LIMITED
Li Aubrey Kwok Sing Paul Marin Theil Ng Ka Wai
Independent non-executive Directors

LETTER FROM CIMB-GK



CIMB-GK Securities (HK) Limited

25/F Central Tower
28 Queen's Road Central
Hong Kong

23 February 2007

*To the independent board committee and shareholders of
Value Partners China Greenchip Fund Limited*

Dear Sirs,

**PROPOSED VOLUNTARY WITHDRAWAL OF LISTING OF THE SHARES
FROM THE STOCK EXCHANGE AND
APPLICATION FOR AUTHORISATION BY THE SFC PURSUANT TO
THE SECURITIES AND FUTURES ORDINANCE UPON
THE PROPOSED CONVERSION OF THE COMPANY
INTO AN OPEN-ENDED MUTUAL FUND CORPORATION**

INTRODUCTION

We refer to our engagement as the independent financial adviser to the Independent Board Committee and the Shareholders in relation to the Proposed Conversion and the Delisting, the details of which are contained in the circular dated 23 February 2007 (the "Circular") to the Shareholders, of which this letter forms part. Expressions used herein shall have the same meaning as defined in the Circular.

Under the Listing Rules, the Delisting must be approved by the Shareholders by way of a poll. Such approval must be given by at least 75% of votes held by the Shareholders voting in person or by proxy at the meeting and the number of votes cast against the resolution must not be more than 10% of the votes held by the voting Shareholders. The Company has established the Independent Board Committee and we have been appointed to advise the Independent Board Committee and the Shareholders as to whether or not the Proposed Conversion and the Delisting is fair and reasonable and is in the interests of the Company and the Shareholders as a whole and to give our opinion in relation to the Proposed Conversion and the Delisting for the consideration of the Independent Board Committee in making its recommendation to the Shareholders and to advise the Shareholders on how to vote at the EGM.

In formulating our recommendation, we have relied on the information, facts and representations contained, referred to and made in the Circular. The Directors have declared in a responsibility statement set out in Appendix I to the Circular that they collectively and individually accept full responsibility for the accuracy of the information contained in the Circular. We have also assumed that the information,

LETTER FROM CIMB-GK

facts and representations contained, made or referred to in the Circular were true and accurate at the time they were made and continue to be so at the date of the despatch of the Circular. We have no reason to doubt the truth, accuracy and completeness of the information, facts and representations provided to us by the Directors. We have also been advised by the Directors and believe that no material facts have been omitted from the Circular.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information, facts and representations contained, referred to or made in the Circular and to provide a reasonable basis for our recommendation. We have not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs or the prospects of the Company or any of its respective subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS

In assessing the merits of the Proposed Conversion and the Delisting, we have taken into consideration the following factors and reasons:

Background and rationale

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 16 January 2002. The principal investment objective of the Company is to achieve medium-term capital growth through investing mainly in listed and unlisted companies established in Greater China or which derive a majority of their revenue from business related to Greater China.

The Company was listed on the Stock Exchange on 8 April 2002 and was intended to have an initial term of five years (up to April 2007) from the date of the placing of the Shares when the Company was listed on the Stock Exchange. We note that at the Company's annual general meeting held on 30 May 2006, the Shareholders approved (i) the conversion of the Company into an open-ended mutual fund corporation; (ii) the seeking of Authorisation; and (iii) the consulting with the Stock Exchange by the Company in respect of the proposed Delisting. On this basis, the Company submitted the application to seek the Authorisation from the SFC on 1 December 2006, and the approval-in-principle for the Authorisation was obtained from the SFC on 2 February 2007. We note that the SFC's approval-in-principle is subject to satisfaction of certain conditions imposed by the SFC, including obtaining Shareholders' approval of the Amendments to the Memorandum and Articles and Amendments to the Investment Management Agreement, and the Delisting becoming effective.

The Board believes that the Proposed Conversion would eliminate the discount (the "Discount") of the market price to the Net Asset Value of the Company, to allow subscription and redemption of the New Shares at Net Asset Value as required under the Mutual Fund Code (plus any applicable fiscal and purchase charges and initial charge for subscription, or less any applicable fiscal and sale charges and redemption charge for redemption), and to extend the life of the Company indefinitely. We have reviewed the Discount (with reference to the published monthly

LETTER FROM CIMB-GK

unaudited Net Asset Value per Share) for the last two years in 2005, 2006 and up to the Latest Practicable Date (the “Review Period”) as set out below:

| | Average monthly closing price (HK\$) | NAV (HK\$) | Discount to NAV (%) | Average volume |
|-------------|--|---------------|---------------------------|-------------------|
| 2005 | | | | |
| January | 16.60 | 19.0983 | -13.08% | 19,167 |
| February | 16.77 | 19.8985 | -15.70% | 34,000 |
| March | 17.68 | 19.3638 | -8.68% | 35,029 |
| April | 17.56 | 19.1560 | -8.34% | 30,333 |
| May | 17.19 | 18.8865 | -8.97% | 26,200 |
| June | 16.99 | 19.1980 | -11.52% | 31,429 |
| July | 17.21 | 19.4056 | -11.34% | 30,781 |
| August | 17.44 | 19.4031 | -10.12% | 59,542 |
| September | 18.52 | 21.5392 | -14.02% | 44,091 |
| October | 18.64 | 20.8536 | -10.64% | 28,214 |
| November | 18.69 | 21.5959 | -13.46% | 16,000 |
| December | 19.48 | 21.9176 | -11.11% | 33,150 |
| 2006 | | | | |
| January | 20.39 | 24.2540 | -15.93% | 32,000 |
| February | 22.31 | 25.2334 | -11.60% | 10,250 |
| March | 23.10 | 27.5426 | -16.15% | 27,778 |
| April | 25.68 | 27.6785 | -7.23% | 34,429 |
| May | 25.62 | 26.6546 | -3.89% | 33,611 |
| June | 24.73 | 26.2408 | -5.75% | 100,636 |
| July | 25.01 | 26.7289 | -6.43% | 9,000 |
| August | 25.34 | 27.1077 | -6.51% | 28,000 |
| September | 25.66 | 27.4760 | -6.61% | 32,858 |
| October | 26.02 | 28.4949 | -8.68% | 12,083 |
| November | 27.56 | 30.4029 | -9.36% | 99,250 |
| December | 28.92 | 31.4942 | -8.16% | 9,429 |
| 2007 | | | | |
| January | 30.70 | 32.4807 | -5.50% | 10,000 |
| February | 31.55 | N/A | N/A | 9,500 |
| | | (Note) | (Note) | |
| | | | <u>-9.95%</u> | <u>32,183</u> |

Note: NAV is only available at the end of each month.

As noted from the above, the average of the Discount was approximately 9.95% for the Review Period, and the trading liquidity of the Shares was low with the daily average trading volume represented approximately 0.11% of the existing issued share capital of the Company. We understand from the Directors that it is required under the Mutual Fund Code for an open-ended fund to redeem shares at the Net Asset Value of the Company. As stated in the Letter from the Board, no redemption charge will be payable on redemptions of either New Shares which have

LETTER FROM CIMB-GK

been held for more than two years or New Shares issued to Shareholders pursuant to the Exchange Option or repurchased from the Shareholders. Furthermore, we note that after becoming an open-ended fund corporation, the life of the Company will be extended indefinitely as compared to the existing life of the Company (up to April 2007 and to extend for two more years), which will provide more flexibility on the investment time span of the Company.

We also note from the Letter from the Board that if the Authorisation is obtained, the Company will also be exempt from Hong Kong profits tax which will have a positive impact to the Net Asset Value of the Company. We note that the Company has obtained an approval-in-principle in respect of the application for Authorisation from the SFC on 2 February 2007.

Given the above, we consider that the Proposed Conversion is in the interest of the Company and the Shareholders as a whole.

As stated in the Letter from the Board, upon completion of the Proposed Conversion, the Company will cease to qualify for listing as an investment company under Chapter 21 of the Listing Rules, mainly because the Company will be converted from a close-ended investment company to an open-ended mutual fund corporation.

Given this, we consider that should the Proposed Conversion be approved at the EGM, the Delisting is a natural course of action to be taken by the Company, and is in the interest of the Company and the Shareholders as a whole.

The Proposed Conversion

The Proposed Conversion will be effected by (i) amending, among other things, the Memorandum and Articles and the Investment Management Agreement to comply with the Mutual Fund Code (together the “Amendments”); (ii) obtaining the Authorisation; and (iii) any further actions which may be required by the SFC.

It is proposed that the objects clause in the Memorandum will be amended to allow the Company to have full power and authority to carry out any object not prohibited under the Cayman Islands Companies Law or any other law of the Cayman Islands. Furthermore, it is also proposed that the Articles will be amended, among other things, to:

- create a new class of redeemable shares with a par value of HK\$0.10 in the share capital of the Company (i.e. the New Shares);
- allow Shareholders to redeem New Shares;
- allow Shareholders to require the Company, at any time, to purchase Shares from them for an amount equal to the Net Asset Value per Share less all applicable charges and allowances; and
- ensure the investment restrictions contained in the Articles comply with the Mutual Fund Code.

LETTER FROM CIMB-GK

The proposed Amendments to the Memorandum and Articles are subject to approval by way of a special resolution of the Shareholders at the EGM. The Directors confirmed that the Amendments have been made in order to comply with the applicable provisions of the Mutual Fund Code. Furthermore, the Company will also amend the Investment Manager Agreement in accordance with the applicable provisions of the Mutual Fund Code. Pursuant to the proposed amendments to the Investment Management Agreement, the current management fee will become subject to a maximum of 2% per annum and the performance fee will increase from 12% to 15% of the appreciation in the Net Asset Value per Share or New Shares, as appropriate. We note from the explanatory memorandums of several open-ended funds managed by Value Partners Limited that similar maximum management fee (2%) and rate of the performance fee (15%) are being charged with details as follows:

| Fund name | Fund nature | Maximum management fee (per annum) | Performance fee (per annum) |
|--|--|---|--|
| Value Partners Classic Fund | to achieve consistently superior returns through investing in the markets of the Asian Pacific region. | Up to 2% of the net asset value of the fund | 15% of the appreciation in net asset value of the fund |
| Value Partners High-Dividend Stocks Fund | to provide capital appreciation and regular income by investing primarily in a portfolio of relatively higher yielding debt and equity securities in the Asian region. | Up to 2% of the net asset value of the fund | 15% of the appreciation in net asset value of the fund |
| Value Partners Intelligent Funds- Chinese Mainland Focus Fund | to achieve medium to long-term capital appreciation (in US dollar terms) by investing primarily in investments which are related to the PRC and investments would be boosted by a RMB appreciation. | Up to 2% of the net asset value of the fund | 15% of the appreciation in net asset value of the fund |
| Value Partners Intelligent Funds- China ABH Shares Fund | to provide long-term capital appreciation (in US dollar terms) by investing primarily in A and B shares listed on the Shanghai Stock Exchange and the Shenzhen Stock Exchange and H shares listed on the Stock Exchange. | Up to 2% of the net asset value of the fund | 15% of the appreciation in net asset value of the fund |

LETTER FROM CIMB-GK

As the Company has obtained an approval-in-principle in respect of the Authorisation from the SFC on 2 February 2007 based on the proposed Amendments, we consider the Amendments form part of the procedures for the Company to implement the Proposed Conversion. Further details of the Amendments are set out in the section headed “Conversion of the Company into an open-ended mutual fund corporation” of the Letter from the Board to the Circular.

Effects to the Shareholders

As stated in the Letter from the Board, if the Proposed Conversion is being approved at the EGM, as soon as practicable upon the Effective Date, the Company will despatch the Exchange Notice to Shareholders, which should be completed and signed by Shareholders who wish to exercise the Exchange Option within two months after the Effective Date. The Company will repurchase and cancel the Shares and issue the same number of New Shares to such Shareholders subject to the receipt of a duly completed and signed Exchange Notice as soon as practicable/on the next Valuation Day following receipt of a duly completed and signed Exchange Notice.

Although it is proposed that a charge of up to 5% of the repurchase price per Share or the redemption price per New Share may be imposed, the Directors have confirmed that no redemption charge will be payable on redemptions of either New Shares which have been held for more than two years or New Shares issued to Shareholders pursuant to the Exchange Option or repurchased from the Shareholders.

As an alternative to exercising the Exchange Option, existing Shareholders may elect to continue holding on their Shares (which will become non-redeemable Shares upon Effective Date) and to request the Company to repurchase such non-redeemable Shares at any time after the Effective Date at a price equal to the Net Asset Value per Share calculated on the relevant Valuation Date less all applicable charges and allowances in accordance with the Memorandum and Articles of the Company. The Directors confirmed that upon completion of the Proposed Conversion, the rights and privileges attached to the non-redeemable Shares and the redeemable New Shares will be substantially the same except for the right of redemption (for the New Shares) and the rights of repurchase (for the Shares) attached to, and the redemption charge imposed on. No redemption charge will be payable on redemptions of either New Shares which have been held for more than two years or New Shares issued to Shareholders pursuant to the Exchange Option or repurchased from the Shareholders.

We note that in the event that the Proposed Conversion and the Delisting are not completed on or before the expiry of the term of the Company in April 2007, the term of the Company will be extended for a further two years, as approved by the Shareholders by way of an ordinary resolution on 30 May 2006.

LETTER FROM CIMB-GK

RECOMMENDATION

Having taken into account the above, in particular the fact that:

- i) the subscription and redemption of the New Shares will be at the Net Asset Value of the Company after the Effective Date, hence would eliminate the Discount;
- ii) the waiver of the redemption charges of the New Shares issued under the Exchange Option;
- iii) the Amendments are made in accordance with the applicable provisions of the Mutual Fund Code;
- iv) if the Authorisation is obtained, the Company will also be exempt from Hong Kong profits tax which will have a positive impact to the Net Asset Value of the Company;
- v) the life of the Company will become indefinite upon the Effective Date; and
- vi) the approval-in-principle for the Authorisation has been obtained,

we consider that the Proposed Conversion and the Delisting are in the interests of the Company and the Shareholders as a whole and that the terms of the Proposed Conversion and the Delisting are fair and reasonable so far as the Company and the Shareholders as a whole are concerned. Accordingly, we advise the Independent Board Committee to recommend the Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Proposed Conversion and the Delisting.

Yours faithfully,

For and on behalf of

CIMB-GK Securities (HK) LIMITED

Alex Lau

Flavia Hung

Executive Vice-President

Senior Vice-President

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts not contained herein the omission of which would make any statement contained in this document misleading.

2. DISCLOSURE OF INTERESTS

(A) Directors' and Chief Executive's Interests and Short Positions

- (i) As at the Latest Practicable Date, the interests and the short positions of the Directors and chief executive of the Company in the Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were (a) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), (b) required, pursuant to section 352 of the SFO, to be entered into the register referred to therein, or (c) required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange were as follows:

| Name of Director | Position held | Number of Shares held | Capacity | % of shareholding |
|--------------------------------------|---------------|-----------------------|------------------------------------|-------------------|
| Mr. Cheah Cheng Hye ("Mr. Cheah") | Long | 200,000 ¹ | Interest of controlled corporation | 0.65% |

Note:

1. These Shares are registered in the name of the Manager. The Manager is 32.77% beneficially owned by Mr. Cheah. Mr. Cheah is therefore deemed to be interested in these Shares under the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests and short positions in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were (a) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), (b) required pursuant to section 352 of the SFO, to be entered into the register referred to therein, or (c) which are required, pursuant to the Model Code for Securities Transactions by Directors or Listed Companies to be notified to the Stock Exchange.

- (ii) None of the other Directors or proposed Directors has any direct or indirect interest in any assets which have since 31 December 2005 (being the date to which the latest published audited financial statements of the Company were made up) been acquired or disposed of by or leased to the Company, or are proposed to be acquired or disposed of by or leased to the Company.
- (iii) Save as disclosed in this circular, none of the Directors is materially interested in any contract or arrangement entered into by the Company subsisting at the date of this circular which is significant in relation to the business of the Company.

(B) Interests of Substantial Shareholders

So far as is known to any Director or chief executive of the Company, as at the Latest Practicable Date, the following persons, other than a Director or chief executive of the Company, have an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

(iv)

| Name of Shareholder | Position held | Number of Shares held | Capacity | % of shareholding |
|--|---------------|------------------------|------------------------------------|-------------------|
| QVT Financial GP LLC | Long position | 9,090,000 ¹ | Interest of controlled corporation | 29.66% |
| QVT Financial LP | Long position | 9,090,000 | Investment manager | 29.66% |
| QVT Associates GP LLC | Long position | 7,754,559 ² | Interest of controlled corporation | 25.30% |
| QVT Fund LP | Long position | 7,754,559 | Beneficial owner | 25.30% |
| Deutsche Bank Aktiengesellschaft | Long position | 6,940,000 ³ | Security interest | 22.64% |
| Stichting Shell Pensioenfond | Long position | 4,000,000 | Beneficial owner | 13.05% |
| Sarasin Investmentfonds SICAV-Emergingsar/ Emergingsar-Asia | Long position | 3,069,500 | Beneficial owner | 10.01% |

Notes:

1. QVT Financial GP LLC is deemed to be interested in the Shares through its controlled corporation, QVT Financial LP.
2. QVT Associates GP LLC is deemed to be interested in the Shares through its controlled corporation, QVT Fund LP.
3. Deutsche Bank Aktiengesellschaft is deemed to be interested in the Shares through its controlled corporation, Deutsche Bank AG London Branch, which has a security interest in the Shares.

Save as disclosed above, the Directors and the chief executive of the Company are not aware of any other persons (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

As at the Latest Practicable Date, none of the Directors nor any proposed Director is a director or employee of a company which has an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors is interested in any business which competes or is likely to compete, either directly or indirectly, with businesses of the Company.

SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered into or is proposing to enter into a service contract with the Company which may not be expiring or determinable by the Company within one year without payment of compensation (other than statutory compensation). As at the Latest Practicable Date, the Company is not proposing to appoint any person as director of the Company.

MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, they were not aware of any material adverse change in the financial or trading position of the Company since 31 December 2005 (being the date to which the latest published audited financial statements of the Company were made up).

EXPERT

- (a) The following is the qualification of the expert whose letter is contained in this circular:

| Name | Qualification |
|---------------------------------|--|
| CIMB-GK Securities (HK) Limited | a corporation licensed under the SFO to conduct types 1 (dealing in securities), 4 (advising on securities) and 6 (advising on corporate finance) regulated activities under the SFO |

- (b) CIMB-GK does not have any shareholding, direct or indirect, in the Company or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company.
- (c) CIMB-GK has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they are included.
- (d) CIMB-GK does not have any interest, direct or indirect, in any assets which have been acquired or disposed of by or leased to the Company, or which are proposed to be acquired or disposed of by or leased to the Company since 31 December 2005 (being the date to which the latest published audited financial statements of the Company were made up).
- (e) The letter and recommendation given by CIMB-GK is given as of the date of this circular for incorporation herein.

MISCELLANEOUS

The English texts of this circular and the accompanying form of proxy shall prevail over their respective Chinese texts.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company in Hong Kong at Level 14, Three Pacific Place, 1 Queen's Road East, Hong Kong during normal business hours for a period of 14 days from the date of this circular:

- (a) a copy of the revised Memorandum and Articles;
- (b) the letter from the Independent Board Committee, the text of which is set out on page 22 of this circular;
- (c) the letter from CIMB-GK, the independent financial adviser to the Independent Board Committee and the Shareholders, the text of which is set out on pages 23 to 29 of this circular;
- (d) the letter of consent from CIMB-GK referred to in the paragraph headed "Expert and consent" in this Appendix; and
- (e) a copy of the revised Investment Management Agreement.

CAYMAN ISLANDS

The Companies Law (2001-Second2004 Revision) (Cap. 22)

Company Limited by Shares

SECOND AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION
OF
VALUE PARTNERS CHINA GREENCHIP FUND LIMITED
(adopted by special resolution passed on ~~27 March, 2002~~**[•••]**)

1. The name of the Company is **Value Partners China Greenchip Fund Limited**.
2. The Registered Office of the Company shall be at the offices of M&C Corporate Services Limited, P.O. Box ~~309~~**309GT**, Uglund House, South Church Street, George Town, Grand Cayman, Cayman Islands, British West Indies or at such other place in the Cayman Islands as the Board may from time to time decide.
3. The objects for which the Company is established are unrestricted and ~~shall include, but without limitation, the following: the Company shall have full power and authority to carry out any object not prohibited the Companies Law (2004 Revision), or any other law of the Cayman Islands.~~
 - (i) ~~To carry on business as an investment company and as an investment holding company and to acquire and hold shares, stocks, debenture stock, bonds, mortgages, obligations and securities of any kind issued or guaranteed by any company, corporation or undertaking of whatever nature and wherever constituted or carrying on business, and shares, stock, debenture stock, bonds, obligations and other securities issued or guaranteed by any government, sovereign ruler, commissioners, trust, local authority or other public body, and to vary, transpose, dispose of or otherwise deal with from time to time as may be considered expedient any of the Company's investments for the time being;~~
 - (ii) ~~To subscribe for, conditionally or unconditionally, to underwrite, issue on commission or otherwise, take, hold, deal in and convert stocks, shares and securities of all kinds and to enter into partnership or into any arrangement for sharing profits, reciprocal concessions or cooperation with any person or company and to promote and aid in promoting, to constitute, form or organise any company, joint venture, syndicate or partnership of any kind, for the purpose of acquiring and undertaking any property and liabilities of the Company or of advancing, directly or indirectly, the objects of the Company or for any other purpose which the Company may think expedient.~~
 - (iii) ~~To exercise and enforce all rights and powers conferred by or incidental to the ownership of any shares, stock, obligations or other securities including without prejudice to the generality of the foregoing all such powers of veto or control as may be conferred by virtue of the holding by the Company of some special proportion of the issued or nominal amount thereof, to provide managerial and other executive, supervisory and consultant services for or in relation to any company in which the Company is interested upon such terms as may be thought fit.~~

- (iv) ~~To stand surety for or to guarantee, indemnify, support or secure the performance of all or any of the obligations of any person, firm or company whether or not related or affiliated to the Company in any manner and whether by personal covenant or by mortgage, charge or lien upon the whole or any part of the undertaking, property and assets of the Company, both present and future, including its uncalled capital or by any such method and whether or not the Company shall receive valuable consideration therefor.~~
- (v)
 - (a) ~~To carry on the business of promoters and entrepreneurs and to carry on business as financiers, capitalists, concessionaires, merchants, brokers, traders, dealers, agents, importers and exporters and to undertake and carry on and execute all kinds of investment, financial, commercial, mercantile, trading and other operations.~~
 - (b) ~~To carry on whether as principals, agents or otherwise howsoever the business of realtors, developers, consultants, estate agents or managers, builders, contractors, engineers, manufacturers, dealers in or vendors of all types of property including the provision of any services.~~
- (vi) ~~To purchase or otherwise acquire, to sell, exchange, surrender, lease, mortgage, charge, convert, turn to account, dispose of and deal with real and personal property and rights of all kinds and, in particular, mortgages, debentures, produce, concessions, options, contracts, patents, annuities, licences, stocks, shares, bonds, policies, book debts, business concerns, undertakings, claims, privileges and choses in action of all kinds.~~
- (vii) ~~To engage in or carry on any other lawful trade, business or enterprise which may at any time appear to the Directors of the Company capable of being conveniently carried on in conjunction with any of the aforementioned businesses or activities or which may appear to the Directors of the Company likely to be profitable to the Company.~~

~~In the interpretation of this Memorandum of Association in general and of this Clause 3 in particular no object, business or power specified or mentioned shall be limited or restricted by reference to or inference from any other object, business or power, or the name of the Company, or by the juxtaposition of two or more objects, businesses or powers and that, in the event of any ambiguity in this Clause or elsewhere in this Memorandum of Association, the same shall be resolved by such interpretation and construction as will widen and enlarge and not restrict the objects, businesses and powers of and exercisable by the Company.~~

- 4. ~~Except as prohibited or limited by the Companies Law (2001 Second Revision), the Company shall have full power and authority to carry out any object not prohibited by any law as provided by Section 7(4) of the Companies Law (2001 Second Revision) and shall have and be capable of from time to time and at all times exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate, irrespective of any question of corporate benefit, in doing in any part of the world whether as principal,~~

~~agent, contractor or otherwise whatever may be considered by it necessary for the attainment of its objects and whatever else may be considered by it as incidental or conducive thereto or consequential thereon, including, but without in any way restricting the generality of the foregoing, the power to make any alterations or amendments to this Memorandum of Association and the Articles of Association of the Company considered necessary or convenient in the manner set out in the Articles of Association of the Company, and the power to do any of the following acts or things, viz: to pay all expenses of and incidental to the promotion, formation and incorporation of the Company; to register the Company to do business in any other jurisdiction; to sell, lease or dispose of any property of the Company; to draw, make, accept, endorse, discount, execute and issue promissory notes, debentures, debenture stock, loans, loan stock, loan notes, bonds, convertible bonds, bills of exchange, bills of lading, warrants and other negotiable or transferable instruments; to lend money or other assets and to act as guarantors; to borrow or raise money on the security of the undertaking or on all or any of the assets of the Company including uncalled capital or without security; to invest monies of the Company in such manner as the Directors determine; to promote other companies; to sell the undertaking of the Company for cash or any other consideration; to distribute assets in specie to members of the Company; to contract with persons for the provision of advice, the management and custody of the Company's assets, the listing of the Company's shares and its administration; to make charitable or benevolent donations; to pay pensions or gratuities or provide other benefits in cash or kind to Directors, officers, employees, past or present and their families; to purchase Directors and officers liability insurance; to carry on any trade or business and generally to do all acts and things which, in the opinion of the Company or the Directors, may be conveniently or profitably or usefully acquired and dealt with, carried on, executed or done by the Company in connection with the business aforesaid PROVIDED THAT the Company shall only carry on the businesses for which a licence is required under the laws of the Cayman Islands when so licensed under the terms of such laws.~~

- ~~5.4.~~ The liability of each member is limited to the amount from time to time unpaid on such member's shares.
- ~~6.5.~~ The share capital of the Company is HK\$20,000,000 divided into 200,000,000 shares of a nominal or par value of HK\$0.10 each with power for the Company insofar as is permitted by law, to redeem or purchase any of its shares and to increase or reduce the said capital subject to the provisions of the Companies Law (2001-Second2004 Revision) and the Articles of Association and to issue any part of its capital, whether original, redeemed or increased with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions and so that unless the conditions of issue shall otherwise expressly declare every issue of shares whether declared to be preference or otherwise shall be subject to the powers hereinbefore contained.
- ~~7.6.~~ If the Company is registered as exempted, its operations will be carried on subject to the provisions of Section 193 of the Companies Law (2001-Second2004 Revision) and, subject to the provisions of the Companies Law (2001-Second2004 Revision) and the Articles of Association, it shall have the power to register by way of continuation as a body corporate limited by shares under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.

CAYMAN ISLANDS

The Companies Law (~~2001 Second~~2004 Revision) (Cap. 22)

Company Limited by Shares

SECOND AMENDED AND RESTATED ARTICLES OF ASSOCIATION

OF

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

~~(Inclusive of amendments up to 29 April 2005)~~
(adopted by special resolution passed on [•••])

Table A

Exclusion of Table A 1. The regulations contained in Table A in the First Schedule to the Companies Law shall not apply to the Company.

Interpretation

Interpretation 2. The marginal notes to these Articles shall not affect the interpretation hereof. In these Articles, unless there be something in the subject or context inconsistent therewith:

these Articles “~~these Articles~~” shall mean the present Articles of Association and all supplementary, amended or substituted Articles for the time being in force;

Accounting Date “Accounting Date” shall mean 31 December in each year (or such other date as the Board may determine from time to time)~~the first being (subject as aforesaid) 31 December 2002;~~

Accounting Period [D14] “Accounting Period” shall mean (a) the period commencing on the date of incorporation of the Company and ending on the first Accounting Date and (b) each period commencing on the date immediately after an Accounting Date and ending on the following Accounting Date;

Administration Agreement “Administration Agreement” shall mean any administration agreement entered into between the Company and the Administrator;

| | |
|---|--|
| <u>Administrator</u> | “Administrator” shall mean the person (or persons) for the time being appointed and acting as administrator pursuant to these Articles; |
| associate | “associate” shall have the meaning ascribed to it in the Listing Rules <u>SFO</u> ; |
| <u>these Articles</u> | “these Articles” shall mean the present Articles of Association and all supplementary, amended or substituted Articles for the time being in force; |
| Auditors | “Auditors” shall mean the persons appointed by the Company from time to time to perform the duties of auditors of the Company; |
| Board | “Board” shall mean the majority of the Directors present and voting at a meeting of Directors at which a quorum is present; |
| Business Day | “Business Day” shall mean a day (other than a Saturday) on which the Exchange is open for normal trading and on which banks in Hong Kong are open for general business provided that, where as a result of a Number 8 Typhoon Signal being hoisted or a Black Rainstorm warning being issued or other similar event, the period during which banks in Hong Kong are open on any day is reduced, such day shall not be a Business Day unless the Board otherwise determines; |
| Capital<u>capital</u> | “capital” shall mean the share capital from time to time of the Company; |
| Chairman | “Chairman” shall mean the Chairman presiding at any meeting of members or of the Board; |
| Closing Date<u>Code</u> | “ Closing Date ” <u>Code</u> ” shall mean the date the Placing closes; <u>Code on Unit Trusts and Mutual Funds issued by the SFC;</u> |
| Commodity | “Commodity” shall mean any <u>gold, silver, platinum, any other precious metal and any other commodity or merchandise of any nature</u> (other than physical commodities <u>currency</u>) and any option, right or interest in respect thereof <u>thereof any of the foregoing</u> except any option defined in these Articles as a Futures Contract; |
| the Company | “ the Company ” or “ this Company ” shall mean Value Partners China Greenchip Fund Limited; |

| | |
|-----------------------------------|--|
| the Companies Law/the Law | “the Companies Law” or “the Law” shall mean the Companies Law (2001–Second2004 Revision), Cap. 22 of the Cayman Islands and any amendments thereto or re-enactments thereof for the time being in force and includes every other law incorporated therewith or substituted therefor; |
| the Companies Ordinance | “the Companies Ordinance” shall mean the Companies Ordinance (Cap. 32 of the Laws of Hong Kong) as in force from time to time; |
| <u>the Company</u> | <u>“the Company” or “this Company” shall mean Value Partners China Greenchip Fund Limited;</u> |
| Connected Person | <p>“Connected Person” shall have the meaning given to that expression in the Listing Rules; <u>in relation to a company, mean:</u></p> <p>(i) <u>any person or company beneficially owning, directly or indirectly, 20 per cent. or more of the ordinary share capital of that company or able to exercise directly or indirectly, 20 per cent. or more of the total votes in that company; or</u></p> <p>(ii) <u>any person or company controlled by a person who or which meets one or both of the descriptions given in (a); or</u></p> <p>(iii) <u>any member of the group of which that company forms part; or</u></p> <p>(iv) <u>any director or officer of that company or of any of its connected persons as defined in (i), (ii) or (iii);</u></p> |
| Custodian | “ <u>Custodian</u> ” shall mean the person (or persons) for the time being appointed and acting as custodian (or joint custodian) pursuant to these Articles; |
| <u>Custodian Agreement</u> | <u>“Custodian Agreement” shall mean any custodian agreement entered into between the Company and the Custodian;</u> |
| <u>Dealing Period(s)</u> | <u>“Dealing Period(s)” shall mean the monthly period(s) which commence at the end of the preceding Dealing Period and end in Hong Kong at 5:00 p.m. (Hong Kong time) on each Valuation Day;</u> |
| Directors | “ <u>Directors</u> ” shall mean the directors from time to time of the Company; |
| dividend | “ <u>dividend</u> ” shall include bonus dividends and distributions permitted by the Law to be categorised as dividends; |

| | |
|--|--|
| dollars/HK\$ <u>Electronic Record</u> | “dollars” and “HK\$” shall mean dollars legally current in Hong Kong <u>“Electronic Record” has the same meaning as in the Electronic Transaction Law (2003 Revision) of the Cayman Islands as amended, modified, re-enacted or replaced from time to time;</u> |
| Exchange | “Exchange” shall mean The Stock Exchange of Hong Kong Limited; |
| <u>Explanatory Memorandum</u> | <u>“Explanatory Memorandum” shall mean the explanatory memorandum dated [•••] 2007 issued by the Company in connection with the offer of shares;</u> |
| Futures Contract | “Futures Contract” shall mean any futures contract which is traded on the Hong Kong Futures Exchange Limited or on an international futures exchange which is recognised by the Securities and Futures Commission of Hong Kong or which is approved by the Directors and the Investment Manager <u>Market;</u> |
| Hong Kong | “Hong Kong” shall mean the Hong Kong Special Administrative Region of the People’s Republic of China and its dependencies; |
| Hong Kong dollars/ HK Code on Takeovers and Mergers\$ | “HK Code on Takeovers and Mergers” shall mean the Hong Kong Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong as amended <u>“HK\$” shall mean the lawful currency for the time being and from time to time of Hong Kong;</u> |
| <u>Initial Charge</u> | <u>“Initial Charge” shall mean such initial charge (if any) determined by the Directors as being payable by a subscriber on a subscription for Redeemable Class A Shares;</u> |
| Investment Company Act | “Investment Company Act” shall mean the United States Investment Company Act of 1940, as amended; |
| <u>Investment Management Agreement</u> | <u>“Investment Management Agreement” shall mean any investment management agreement entered into between the Company and the Investment Manager;</u> |
| Investment Manager | “Investment Manager” shall mean the person for the time being appointed and acting as manager of the Company pursuant to any management agreement entered into from time to time by the Company and such person; |
| Investments | “Investments” shall mean all the Company’s assets (including cash) for the time being deposited or deemed deposited with the Custodian for the account of the Company excluding any amount declared as a dividend payable by the Company; |

| | |
|------------------------------------|---|
| Listing Document Market | <p>“Listing Document” shall mean the listing document dated 28 March 2002 issued by the Company in connection with the Placing and the listing of the shares on the Exchange; “Market” shall mean the following, in any part of the world:</p> <p>(A) <u>in relation to any Security: any stock exchange, over-the-counter market or other organised securities market that is open to the international public and on which such Securities are regularly traded; and</u></p> <p>(B) <u>in relation to any Commodity or Futures Contract: any futures exchange, over-the-counter market or other organised futures market that is open to the international public and on which such Commodities or Futures Contracts are regularly traded;</u></p> |
| Listing Rules | <p>“Listing Rules” shall mean the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time;</p> |
| Market | <p>“Market” shall have the meaning given thereto in Article 65(a);</p> |
| month | <p>“month” shall mean a calendar month;</p> |
| Mutual Funds Law | <p><u>“Mutual Funds Law” shall mean the Mutual Funds Law (2003 Revision) of the Cayman Islands as amended, modified, re-enacted or replaced from time to time;</u></p> |
| Net Asset Value | <p>“Net Asset Value” shall mean the net asset value of the Company or, as the context may require, the net asset value per share, calculated in accordance with the provisions of these Articles;</p> |
| Non-eligible Investor | <p>“Non-eligible Investor” shall mean any person to whom a transfer, or by whose holding, of shares (whether directly or beneficially) would or may, in the sole and conclusive opinion of the Directors:</p> <p>(i) be in breach of any law or governmental authority in any jurisdiction whether on its own or in conjunction with any other relevant circumstances;</p> <p>(ii) result in the Company incurring any liability to taxation that the Company otherwise would not have incurred or suffered;</p> |

- (iii) require the Company to be registered under any statute, law or regulation whether as an investment fund, trust, scheme or otherwise or cause the Company to be required to apply for registration or comply with any registration requirements in respect of any shares, whether in the United States or any other jurisdiction including, without limitation, under the Securities Act or the Investment Company Act; ~~or~~
- (iv) cause the assets of the Company to be considered “plan assets” within the meaning of the United States Employee Retirement Income Security Act of 1974, as amended;
- (v) likely to cause a pecuniary, tax, legal or regulatory disadvantage to the Company or any shareholder in any jurisdiction that otherwise would not have incurred or suffered;
- (vi) be less than the minimum holding specified by the Investment Manager from time to time; or
- (vii) such other non-qualified persons as determined by the Board from time to time;

**Non-redeemable
Class N Shares**

“Non-redeemable Class N Shares” means shares which are not redeemable at the option of the shareholder;

**ordinary
resolution
[6.15(i)]**

“ordinary resolution” shall mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives, or where proxies are allowed, by proxy, at a general meeting held in accordance with these Articles and includes an ordinary resolution passed pursuant to Article 91;

Placing

“Placing” shall mean the placing of shares on the terms and conditions set out in the Listing Document and any placing and underwriting agreement in connection therewith;

**principal
register**

“principal register” shall mean the register of members of the Company maintained at such place within or outside the Cayman Islands as the Board shall determine from time to time;

**published in
the newspapers**

“published in the newspapers” shall mean published as a paid advertisement in English in at least one English language newspaper and in Chinese in at least one Chinese language newspaper, being in each case a newspaper published daily and circulating generally in Hong Kong in accordance with the Listing Rules;

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| <u>recognised Redeemable Class A Shares clearing house</u> | “ recognised clearing house ” shall have the meaning ascribed thereto by the laws of the jurisdiction in which the shares of the Company are listed or quoted on a stock exchange in such jurisdiction <u>Redeemable Class A Shares</u> ” means shares which are redeemable at the option of the shareholder in accordance with these Articles; |
| <u>Redemption Charge</u> | “Redemption Charge” shall mean such fee (if any) determined by the Directors as being payable by a member to the Company on a redemption of Redeemable Class A Shares; |
| <u>the register</u> | “ the register ” shall mean the principal register and any branch registers; <u>of members of the Company;</u> |
| <u>seal</u> | “ seal ” shall include the common seal of the Company, the securities seal or any duplicate seal adopted by the Company pursuant to Article 147; |
| <u>Secretary</u> | “ Secretary ” shall mean the person appointed as company secretary by the Board from time to time; |
| <u>Securities</u> | <p>“Securities” shall mean any share, stock, debenture, loan stock, bond, security, commercial paper, acceptance, trade bill, treasury bill, instrument or note of, or issued by or under the guarantee of, any body, whether incorporated or unincorporated, or of any government or local government authority or supranational body, whether paying interest or dividends or not and whether fully-paid, partly paid or nil paid and includes (without prejudice to the generality of the foregoing):</p> <ul style="list-style-type: none"> (i) any right, option or interest (howsoever described) in or in respect of any of the foregoing, including units in any Unit Trust; (ii) any certificate of interest or participation in, or temporary or interim certificate for, receipt for or warrant to subscribe or purchase, any of the foregoing; (iii) any instrument commonly known or recognised as a security; (iv) any receipt or other certificate or document evidencing the deposit of a sum of money, or any rights or interests arising under any such receipt, certificate or document; and (v) any bill of exchange and any promissory note; |

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| Securities Act | “Securities Act” shall mean the United States Securities Act of 1933, as amended; |
| SFC | “SFC” shall mean the Securities and Futures Commission of Hong Kong; |
| SFO | “SFO” shall mean the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) as amended, modified, re-enacted or replaced from time to time; |
| share | “share” shall mean <u>means a share in the capital of the Company and includes stock except where a distinction between stock and shares is expressed or implied of a nominal or par value of HK\$0.10 and includes a fraction of any such share. Shares may be divided into classes in the discretion of the Directors and shall be designated as Redeemable Class A Shares or Non-redeemable Class N Shares in accordance with the provisions of these Articles and, except where otherwise expressly stated, the term “share” shall include all such classes of share;</u> |
| shareholders/ members | “shareholders” or “members” shall mean the persons who are duly registered as the holders from time to time of shares in the register including persons who are jointly so registered; |
| special resolution App 13 Part B <u>[6.15(j)]</u> r.1 | “special resolution” shall have the same meaning as ascribed thereto in the Law and shall include a unanimous written resolution of all members: for this purpose, the requisite majority shall be not less than three-fourths of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives, or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given and includes a special resolution passed pursuant to Article 91; |
| subsidiary and holding company | “subsidiary” and “holding company” shall have the meanings ascribed to such terms in the Companies Ordinance <u>SFO</u> ; |
| transfer office | “transfer office” shall mean the place where the principal register is situate for the time being; |
| Unit Trust | “Unit Trust” shall have the meaning given thereto in Article 65(b)(iii); |
| United States | “United States” shall have the meaning ascribed thereto in Regulation S under the Securities Act; |

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| <u>Valuation Day</u> | <u>“Valuation Day” shall mean the last Business Day of each calendar month, and/or such Business Day or Business Days as the Investment Manager may from time to time determine with the approval of the Custodian and one month’s prior written notice to shareholders, provided always that there will be at least one Valuation Day in each calendar month;</u> |
| Valuation Point | “Valuation Point” shall mean the official close of trading on the Market on each Business <u>Valuation</u> Day on which any Security, Commodity or Futures Contract comprised in the Company’s portfolio is traded and, if assets comprising the Company’s portfolio are traded on more than one Market, the official close of trading on the last Market to close or such other time or times as considered appropriate by the Board provided that there shall always be a Valuation Point on each Business <u>Valuation</u> Day; |
| Value | “Value” shall mean, except where otherwise expressly stated, the value of any Security, Commodity or Futures Contract or of the Investments determined in accordance with these Articles; |
| writing/printing | “writing” or “printing” shall include writing, printing, lithograph, photograph, type-writing and every other mode <u>all modes</u> of representing words or figures in a legible and non-transitory form <u>visible form</u> , including in the form of an Electronic Record; |
| gender | words importing either gender shall include the other gender and the neuter; |
| persons/ companies | words importing persons and the neuter shall include companies and corporations and vice versa; and |
| singular and plural | words denoting the singular shall include the plural and words denoting the plural shall include the singular. |

Share Capital and Modification of Rights

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| Capital App-3 r.9 | 3. The capital of the Company at the date of the adoption of these Articles is HK\$20,000,000 divided into 200,000,000 shares of HK\$0.10 each. |
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Issue of
shares
App 3
r.6(1)

4. (a) Subject to the Law and to the provisions of these Articles and to any direction that may be given by the Company in general meeting and without prejudice, the unissued shares shall be at the disposal of the Board which may allot, issue, grant options over or otherwise dispose of them to such persons, at such times for such consideration and upon such other terms and conditions as the Board may determine PROVIDED THAT (i) no share shall be issued as a Non-redeemable Class N Share after the date of adoption of these Articles; and no share shall be allotted or issued during any period when the determination of the Net Asset Value is suspended pursuant to Article 62.
- (b) Shares may be divided into classes in the discretion of the Board and shall be designated as Redeemable Class A Shares or Non-redeemable Class N Shares. The Board may re-designate any unissued shares so that such shares shall be available for allotment and issue as part of any other class.
- (c) No shares shall be issued to bearer.
- (d) Subject to any special rights conferred on the holders of any existing shares or attaching to any class of shares, any share in the Company may be issued with or have attached thereto such preferred, deferred, qualified or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise, and to such persons at such times and for such consideration as the Board may determine PROVIDED THAT no share shall be allotted or issued (i) for a period of twelve months after the Closing Date without the sanction of an ordinary resolution or (ii) during any period when the determination of the Net Asset Value is suspended pursuant to Article 62. Subject to the Law and to any special rights conferred on any shareholders or attaching to any class of shares, any share may, with the sanction of a special resolution, be issued on terms that it is, or at the option of the Company or the holder thereof is, liable to be redeemed. No shares shall be issued to bearer as the Company may by ordinary resolution determine or, if there has not been any such determination or so far as the same shall not make specific provision, as the Board may determine.

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| <p>Issue of warrants App 3 r. 2(2)</p> | <p>5. Subject to the Listing Rules, the Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine. No warrants shall be issued to bearer for so long as a recognised clearing house (in its capacity as such) is a member of the Company. Where warrants are issued to bearer, no new warrant shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original has been destroyed and the Company has received an indemnity in such form as the Board shall think fit with regard to the issue of any such new warrant. <i>[Intentionally deleted]</i>.</p> |
| <p>How class rights may be modified App 3 r. 6(2)</p> <p>App 13 Part B r. 2(1) <u>[6.15(e)]</u></p> | <p>6. (a) If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class of shares for the time being issued (unless otherwise provided for in the terms of issue of the shares of that class) may, subject to the provisions of the Law, be varied or abrogated with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of shares of that class. To every such separate meeting all the provisions of these Articles relating to general meetings shall mutatis mutandis apply, but so that the quorum for the purposes of any such separate meeting and of any adjournment thereof shall be a person or persons together holding (or representing by proxy) at the date of the relevant meeting not less than one-third in nominal value of the issued shares of that class, and that any holder of shares of the class present in person or by proxy may demand a poll. <u>For such purposes the Board may treat all the classes of shares as forming one class if the Board considers that all such classes would be affected in the same way by the proposals under consideration but in any other case shall treat them as separate classes.</u></p> <p>(b) The special rights <u>attached to shares shall be deemed to be varied by the creation or issue of any shares ranking in priority to them as respects participation in the profits or assets of the Company.</u></p> <p>(c) <u>Subject as aforesaid, the special rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied by (i) the creation, allotment or issue of further shares ranking pari passu therewith or (ii) by the redemption of any shares.</u></p> |

- Company may purchase and finance the purchase of own shares and warrants**
7. Subject to the Law, or any other law or so far as not prohibited by any law and subject to any rights conferred on the holders of any class of shares, the Company shall have the power to purchase or otherwise acquire all or any of its own shares (which expression as used in this Article includes ~~redeemable shares~~) ~~provided that the manner of purchase has first been authorised by an ordinary resolution of the shareholders in general meeting, and to purchase or otherwise acquire warrants for the subscription or purchase of its own shares, and shares and warrants for the subscription or purchase of any shares in any company which is its holding company and may make payment therefor in any manner authorised or not prohibited by law~~Redeemable Class A Shares) in accordance with the provisions set out in these Articles. The Company may make a payment in respect of the purchase of its own shares in any manner permitted by the Law, including out of capital, or to give, directly or indirectly, by means of a loan, a guarantee, a gift, an indemnity, the provision of security or otherwise howsoever, financial assistance for the purpose of or in connection with a purchase or other acquisition made or to be made by any person of any shares or warrants in the Company or any company which is a holding company of the Company and should the Company purchase or otherwise acquire its own shares or warrants neither the Company nor the Board shall be required to select the shares or warrants to be purchased or otherwise acquired rateably or in any other manner as between the holders of shares or warrants of the same class or as between them and the holders of shares or warrants of any other class or in accordance with the rights as to dividends or capital conferred by any class of shares provided always that any such purchase or other acquisition or financial assistance shall only be made in accordance with any relevant code, rules or regulations issued by the Exchange or the Securities and Futures Commission of Hong Kong from time to time in force. PROVIDED THAT no share shall be purchased during any period when the determination of the Net Asset Value is suspended pursuant to Article 62.
- Power to increase Subscription for Shares capital**
[D8(b); D10(a)]
8. ~~The Company in general meeting~~(a) Subject as herein provided, the Board on receipt by the Company or its authorised agent of any application in such form as the Board may, from time to time, whether or not all the shares for the time being authorised shall have been issued and whether or not all the shares for the time being issued shall have been fully paid up, by ordinary resolution, increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts as the resolution shall prescribe. from time to time determine may allot and issue shares on or by reference to any Valuation Day.

- (b) The Board may from time to time specify such time of a Valuation Day and at such places by which any subscription for shares must be received by the Investment Manager or the Company or such other person on behalf of the Company as the Board may from time to time designate for the subscription of shares to be dealt with by reference to that Valuation Day, and so that subscriptions received after such specified time on such Valuation Day shall be deemed to be received, and to be dealt with, by reference to the next succeeding Valuation Day.
- (c) Shares shall be issued in such minimum numbers as the Board may specify either generally or in any particular case; likewise, the Board may from time to time prescribe a Hong Kong dollar amount as the minimum subscription amount.
- (d) Fractions of up to 1/1000th of a share may be issued (unless the Board otherwise determines generally or in any particular case).
- (e) The Company reserves the right to reject any application for shares in whole or in part. If any application is not accepted in whole or in part, the application moneys or (where an application is accepted in part only) the balance thereof will be returned (without interest) in Hong Kong dollars by bank draft made out in favour of the applicant (or, in the case of joint applicants, the first named) and sent by ordinary post at the risk of the person entitled thereto. Funds may also be returned by telegraphic transfer or any other method at the discretion of the Company or its delegate at the risk of the person entitled thereto and at the expense of the applicant.
- (f) All moneys payable on or in respect of shares (including without limitation the subscription) shall be paid in Hong Kong dollars or such other currency as the Board may from time to time determine. Application moneys other than in Hong Kong dollars will be converted into Hong Kong dollars and all bank charges and other conversion costs will be deducted from the application moneys prior to investment in shares. Payment shall be made at such time and place and in such manner as the Board from time to time determine, failing which any allotment of shares for which payment is due may be cancelled by the Board.

(g) The subscription price for each share shall be the Net Asset Value per share calculated on the relevant Valuation Day plus all appropriate allowance (if any) and rounded the resultant amount to the nearest two decimal places and monies representing any difference between the resultant amount and the amount arrived at after the rounding exercise shall be absorbed by the Company. The Board may add to the subscription price per share (before making any rounding adjustment) an amount which they consider to be an appropriate allowance (not exceeding 1.0 per cent. of the Net Asset Value per share) to reflect fiscal and purchase charges which would be incurred for the account of the Company in investing the subscription monies.

(h) A Initial Charge of up to 5.0 per cent. of the subscription price per share may be imposed and retained by the Investment Manager for its own use and benefit. The Investment Manager may in its absolute discretion reduce the amount of the Initial Charge payable by an applicant in addition to the relevant subscription price per share on any Valuation Day.

Redemption

9.A (a) Subject to the provisions of the Law and the Memorandum of Association of the Company, and to any special rights conferred on the holders of any shares or attaching to any class of shares, shares may be issued on the terms that they ~~may be, or are,~~ at the option of the Company or the ~~holders are, liable~~ holder thereof, to be redeemed on such terms and in such manner, including out of capital, as the Board may deem fit PROVIDED THAT no share shall be redeemed during any period when the determination of the Net Asset Value is suspended pursuant to Article 62.

App 3
r. ~~[D8(1) & (2)~~
b)(c)]

(b) ~~Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender shall be limited to a maximum price, and if purchases are by tender, tenders shall be available to all shareholders alike.~~ b) Subject to the provisions of the Law and subject as hereinafter provided, a shareholder may redeem all or any of its shares by serving a redemption notice in such form as the Board may from time to time determine on the Investment Manager or the Company or its agent specifying the number of shares to be redeemed and giving payment instructions for the redemption proceeds. The redemption notice shall be required to be received by such time on, or such number of Business Days prior to, the Valuation Day by reference to which the shares are requested to be redeemed as may be determined by the

Board from time to time. Any redemption notice received after such time will be considered on the next Valuation Day. The Company shall redeem such shares at a redemption price being an amount equal to the Net Asset Value per share minus all applicable charges, including but not limited to those incurred in relation to realising assets to meet a redemption request, calculated on that Valuation Day, rounded the resultant amount to the nearest two decimal places and monies representing any difference between the resultant amount and the amount arrived at after the rounding exercise shall be absorbed by the Company. The Board may deduct from the redemption price per share (before making any rounding adjustment) an amount which they consider to be an appropriate allowance (not exceeding 1.0 per cent. of the Net Asset Value per share) to reflect fiscal and sale charges which would be incurred for the account of the Company in realising assets to provide sufficient realisation proceeds.

- (c) A Redemption Charge of up to 5.0 per cent. of the redemption price per share may be imposed and retained by the Investment Manager for its own use and benefit. The Investment Manager may in its absolute discretion reduce the amount of the Redemption Charge payable by a shareholder on any Valuation Day.
- (d) The maximum interval between the receipt or deemed receipt (as the case may be) of a properly documented request for redemption of shares and the payment of the redemption money to the shareholder shall not exceed one calendar month. No interest will accrue on the redemption proceeds pending payment.
- (e) On any such redemption the Board shall, subject to the expressed prior consent of the relevant shareholder, have the power to divide in specie the whole or any part of the assets of the Company and appropriate such assets in satisfaction or part satisfaction of the redemption price and any other sums payable on redemption as is herein provided.
- (f) Partial redemptions may be effected. However, if a redemption request will result in a shareholder having a residual holding of less than such minimum number of shares or such minimum holding as may from time to time be specified (either generally or in any particular case or cases) by the Board or the Investment Manager, the Investment Manager may deem such redemption request to have been made in respect of all the shares held by that shareholder.

[D9(b)]

- (g) The applicant is entitled to withdraw a request duly made in accordance with this Article provided that the notice of withdrawal is received prior to the deadline for receiving redemption requests as set out in the Explanatory Memorandum.
- (h) No shares shall be redeemed during any period when the determination of the Net Asset Value of the Company is suspended pursuant to Article 62, and if the determination of such Net Asset Value is so suspended the right of the applicant to have his shares redeemed pursuant to this Article shall be similarly suspended and during the period of suspension he may withdraw his request for redemption. Any withdrawal of a request for redemption under the provisions of this Article shall be made in writing and shall only be effective if actually received by the Company or its duly authorised agent before termination of the said period of suspension. If the request is not so withdrawn the redemption of the relevant shares shall be made on the Valuation Day next following the end of the said suspension and dealt with accordingly.
- (i) Whenever any request for redemption provides for the redemption proceeds to be paid by telegraphic transfer, the signature of the holder on such request and details of that bank account shall, unless the Board (or such other person duly appointed by the Board for this purpose) otherwise determines, be verified in such manner as the Board (or such person as aforesaid) may from time to time determine.
- (j) Payment for shares redeemed hereunder shall be made in Hong Kong dollars in accordance with written instructions of the applicant by a cheque, draft, telegraphic transfer or other means of payment posted (at the risk of the applicant) or otherwise paid to the applicant in the manner, and subject to the fulfilment of such conditions as may be, determined by the Board from time to time. If the proceeds of redemption are to be paid by telegraphic transfer, the Administrator shall be entitled to deduct the bank charges for effecting such transfer from the redemption proceeds. Where redemption proceeds are to be paid to a party other than the registered shareholder, the Company or its agent (or sub-agent) may require the signature of the member on the relevant redemption notice to be independently verified to its satisfaction. If at any time during the period from the time as at which the redemption price is calculated and the time at which redemption moneys are converted out of any other currency into Hong Kong dollars there is an officially

announced devaluation of that currency, the amount payable to any applicant may be reduced as the Directors consider appropriate to take account of the effect of that devaluation.

- (k) Notwithstanding any other provisions of these Articles, the Company may, in the absolute discretion of the Directors, refuse to make a redemption payment to a member if the Directors suspect or are advised that the payment of any redemption proceeds to such member may result in a breach or violation of any anti-money laundering law by any person in any relevant jurisdiction, or if such refusal is necessary to ensure compliance by the Company, the Directors or the Administrator with any anti-money laundering law in any relevant jurisdiction.
- (l) Upon the redemption of a share being effected pursuant to these Articles the holder thereof shall cease to be entitled to any rights in respect of that share and accordingly his name shall be removed from the register with respect thereto and such share shall be cancelled, but shall be available as a share for re-issue and until re-issue shall form part of the unissued share capital of the Company.
- (m) For the purposes of this Article 9.A references to “shares” shall be construed as references to “Redeemable Class A Shares”.

**Purchase at
Option of
Shareholder**

- 9.B Subject to the provisions of the Law and these Articles, a shareholder may request the purchase by the Company of all or any of its Non-redeemable Class N Shares by serving a purchase notice in such form as the Board may from time to time determine on the Company or its agent specifying the number of Non-redeemable Class N Shares to be purchased and giving payment instructions for the purchase proceeds. The provisions of Article 9.A(b) and Articles 9.A(d) to 9.A(l) shall apply mutatis mutandis to a purchase of Non-redeemable Class N Shares by the Company.

**Limitation on
Redemptions
and Repurchases
of Shares
[D9(a)]**

- 9.C The Board may limit the total number of Redeemable Class A Shares redeemed and Non-redeemable Class N Shares repurchased during any Dealing Period to 10 per cent. in aggregate of the total number of Redeemable Class A Shares and Non-redeemable Class N Shares in issue of the Company. Such limitation will be applied pro rata to all shareholders who have requested such redemption or repurchase. If the total redemption and repurchase requests received during any Dealing Period are in excess of this limit, the Board will be entitled (but not obliged) to carry out only sufficient redemptions and/or repurchase which, in aggregate, amount to 10 per cent. of the total

Redeemable Class A Shares and Non-redeemable Class N Shares in issue at the relevant time. Redemption requests for shares which are not redeemed and repurchase requests for Non-redeemable Class N Shares which are not repurchased but which would otherwise have been redeemed or repurchased will be deferred until the next Dealing Period and will be dealt with (subject to further deferral if the deferred requests themselves exceed 10 per cent. of the shares in issue) in priority to later redemption and repurchase requests.

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| Purchase or redemption not to give rise to other purchases or redemptions | 10. (a) The purchase or redemption of any share shall not be deemed to give rise to the purchase or redemption of any other share. |
| Certificates to be surrendered for cancellation | (b) The holder of the shares being purchased, surrendered or redeemed shall be bound to deliver up to the Company at its principal place of business in Hong Kong or such other place as the Board shall specify the certificate(s) <u>(if any)</u> thereof for cancellation and thereupon the Company shall pay to him the purchase or redemption monies in respect thereof. |
| Shares at the disposal of the Board | 11. Subject to the provisions of the Law, of the Memorandum of Association of the Company, and of these Articles relating to new shares, the unissued shares in the Company (whether forming part of its original or any increased capital) shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration, and upon such terms, as the Board shall determine PROVIDED THAT no share shall be allotted or issued during any period when the determination of the Net Asset Value is suspended pursuant to Article 62-<u>[Intentionally deleted]</u>. |
| Company may pay commissions | 12. The Company may, unless prohibited by law, at any time pay a commission to any person for subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares in the Company or procuring or agreeing to procure subscriptions (whether absolute or conditional) for any shares in the Company, but so that the conditions and requirements of the Law shall be observed and complied with, and in each case the commission shall not exceed 10 per cent. of the price at which the shares are issued.<u>[Intentionally deleted]</u>. |

Company not to recognise trusts in respect of shares

13. Except as otherwise expressly provided by these Articles or as required by law or as ordered by a court of competent jurisdiction, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any shares or any interest in any fractional part of a share or any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

Register of Members and Share Certificates

Share register
App-3
r. 1(1)

14. (a) The Board shall cause to be kept at such place within or outside the Cayman Islands as it deems fit a register of the members and there shall be entered therein the particulars of the members and the shares issued to each of them and other particulars required under the Law.
- (b) ~~If the Board considers it necessary or appropriate, the Company may establish and maintain a branch register or registers of members at such location or locations within or outside the Cayman Islands as the Board thinks fit. The principal register and the branch register(s) shall together be treated as the register for the purposes of these Articles. For such purpose the Board may appoint any person to maintain the register on such terms (including as to remuneration) as the Board may from time to time determine. Such person may, with the consent of the Board, appoint any other person to assist in the performance of part or all of its functions under this Article.~~
- (c) ~~The Board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.~~
- (d) ~~Notwithstanding anything contained in this Article, the Company shall as soon as practicable and on a regular basis record in the principal register all transfers of shares effected on any branch register and shall at all times maintain the principal register in such manner as to show at all times the members for the time being and the shares respectively held by them, in all respects in accordance with the Companies Law.~~

App-13
Part B
r. 3(2)

15. (a) Except when a register is closed ~~and, if applicable, subject to the additional provisions of paragraph (d) of this Article, the principal register and any branch,~~ the register shall during business hours be kept open to the inspection of any member without charge.
- (b) The reference to business hours in paragraph (a) of this Article is subject to such reasonable restrictions as the ~~Company in general meeting~~ Board may impose, but so that not less than two hours in each business day is to be allowed for inspections.
- (c) The register may, on 14 days' notice being given ~~by advertisement published in the newspaper to shareholders,~~ be closed at such times and for such periods as the Board may from time to time determine, either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year ~~(or such longer period as the members may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year)~~. The Company shall, on demand, furnish any person seeking to inspect the register or part thereof which is closed by virtue of this Article with a certificate under the hand of the Secretary stating the period for which, and by whose authority, it is closed.

App-13
Part B
r. 3(2)

- (d) ~~Any register held in Hong Kong shall during normal business hours (subject to such reasonable restrictions as the Board may impose) be open to inspection by a member without charge and any other person on payment of such fee not exceeding HK\$2.50 (or such higher amount as may from time to time be permitted under the Listing Rules) as the Board may determine for each inspection. Any member may require a copy of the register, or any part thereof, on payment of HK\$0.25, or such lesser sum as the Company may prescribe, for every 100 words or fractional part thereof required to be copied. The Company shall cause any copy so required by any person to be sent to that person within a period of 10 days commencing on the date next after the day on which the request is received by the Company.~~

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| <p>ShareNo share certificates App 3 r. 1(1)</p> | <p>16. Every person whose name is entered as a member in the register shall be entitled without payment to receive, within the relevant time limit as prescribed in the Law or as the Exchange may from time to time determine, whichever is shorter, after allotment or lodgment of transfer (or within such other period as the conditions of issue shall provide), one certificate for all his shares of each class or, if he shall so request, in a case where the allotment or transfer is of a number of shares in excess of the number for the time being forming an Exchange board lot, upon payment, in the case of a transfer, of a sum equal to the relevant maximum amount as the Exchange may from time to time determine for every certificate after the first or such lesser sum as the Board shall from time to time determine, such numbers of certificates for shares in Exchange board lots or multiples thereof as he shall request and one for the balance (if any) of the shares in question, provided that in respect of a share or shares held jointly by several persons the Company shall not be bound to issue a certificate or certificates to each such person, and the issue and delivery of a certificate or certificates to one of several joint holders shall be sufficient delivery to all such holders. <u>Shares in the Company are uncertificated and in registered form. No certificates will be issued in respect of any shares held in the Company. A contract note will normally be issued as soon as practicable after the relevant Valuation Day upon acceptance of an application for subscription of shares.</u></p> |
| <p>Share certificates to be sealed App 3 r. 2(1)</p> | <p>17. Every certificate for shares or debentures or representing any other form of security of the Company shall be issued under the seal of the Company, which shall only be affixed with the authority of the Board<u>[Intentionally deleted]</u>.</p> |
| <p>Every certificate to specify number and class of shares</p> | <p>18. Every share certificate shall specify the number and class of shares in respect of which it is issued and the amount paid thereon or the fact that they are fully paid, as the case may be, and may otherwise be in such form as the Board may from time to time prescribe. <u>[Intentionally deleted]</u></p> |
| <p>Joint holders App 3 r. 1(3)</p> | <p>19. The Company shall not be bound to register more than four persons as joint holders of any share. If any share shall stand in the names of two or more persons, the person first named in the register shall be deemed the sole holder thereof as regards service of notices and, subject to the provisions of these Articles, all or any other matters connected with the Company, except the transfer of the share.</p> |

**Replacement of
share certificates**
App 3
r. 1(1)

20. ~~If a share certificate is defaced, lost or destroyed, it may be replaced on payment of such fee, if any, not exceeding such amount as may from time to time be permitted under the Listing Rules or such lesser sum as the Board may from time to time require) and on such terms and conditions, if any, as to publication of notices, evidence and indemnity, as the Board thinks fit and where it is defaced or worn out, after delivery up of the old certificate to the Company for cancellation~~*[Intentionally deleted]*.

Lien

Company’s lien
App 3
r. 1(2)

21. (a) The Company shall have a first and paramount lien on every share (not being a fully paid up share) for all moneys, whether presently payable or not, called or payable at a fixed time in respect of such share; and the Company shall also have a first and paramount lien and charge on all shares (other than fully paid up shares) standing registered in the name of a member (whether solely or jointly with others) for all the debts and liabilities of such member or his estate to the Company and whether the same shall have been incurred before or after notice to the Company of any equitable or other interest of any person other than such member, and whether the period for the payment or discharge of the same shall have actually arrived or not, and notwithstanding that the same are joint debts or liabilities of such member or his estate and any other person, whether such person is a member of the Company or not.

**Lien extends to
dividends and
bonuses**

(b) The Company’s lien (if any) on a share shall extend to all dividends and bonuses declared in respect thereof. The Board may resolve that any share shall for some specified period be exempt wholly or partially from the provisions of this Article.

**Sale of shares
subject to lien**

22. The Company may sell in such manner as the Board thinks fit any shares on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable or the liability or engagement in respect of which such lien exists is liable to be presently fulfilled or discharged, nor until the expiration of 14 days after a notice in writing, stating and demanding payment of the sum presently payable or specifying the liability or engagement and demanding fulfilment or discharge thereof and giving notice of intention to sell in default, shall have been given to the registered holder for the time being of the shares or the person, of which the Company has notice, entitled to the shares by reason of such holder’s death, mental disorder or bankruptcy.

- Application or proceeds of such sale**
23. The net proceeds of such sale by the Company after the payment of the costs of such sale shall be applied in or towards payment or satisfaction of the debt or liability or engagement in respect whereof the lien exists, so far as the same is presently payable, and any residue shall (subject to a like lien for debts or liabilities not presently payable as existed upon the shares prior to the sale and upon surrender, if required by the Company, for cancellation of the certificate for the share sold) be paid to the holder immediately before such sale of the share. For giving effect to any such sale, the Board may authorise any person to transfer the shares sold to the purchaser thereof and may enter the purchaser's name in the register as holder of the shares, and the purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

Calls on Shares

- Calls, how made**
24. The Board may from time to time make such calls as it may think fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal amount of the shares or by way of premium or otherwise) and not by the conditions of allotment thereof made payable at fixed times. A call may be made payable either in one sum or by instalments. A call may be revoked or postponed as the Board may determine.
- Notice of call**
25. At least 14 days' notice of any call shall be given to each member specifying the time and place of payment and to whom such payment shall be made.
- Copy of notice to be sent**
26. A copy of the notice referred to in Article 25 shall be sent in the manner in which notices may be sent to members by the Company as herein provided.
- Every member liable to pay call at appointed time and place**
27. Every member upon whom a call is made shall pay the amount of every call so made on him to the person and at the time or times and place or places as the Board shall specify. A person upon whom a call is made shall remain liable on such call notwithstanding the subsequent transfer of the shares in respect of which the call was made.
- Notice of call may be published in newspapers**
28. ~~In addition to the giving of notice in accordance with Article 26, notice of the person appointed to receive payment of every call and of the times and places appointed for payment may be given to the members affected by notice published in the newspapers~~*[Intentionally deleted]*.

- When call deemed to have been made** 29. A call shall be deemed to have been made at the time when the resolution of the Board authorising such call was passed.
- Liability of joint holders** 30. The joint holders of a share shall be severally as well as jointly liable for the payment of all calls and instalments due in respect of such share or other moneys due in respect thereof.
- Board may extend time fixed for call** 31. The Board may from time to time at its discretion extend the time fixed for any call. ~~and may extend such time as to all or any of the members, whom by reason of residence outside Hong Kong or other cause the Board considers it reasonable to grant an extension to, but no member shall be entitled to any such extension as a matter of grace and favour.~~
- Interest on calls** 32. If the sum or any instalment payable in respect of any call is unpaid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 15 per cent. per annum as the Board shall determine from the day appointed for the payment thereof to the time of actual payment, but the Board may waive payment of such interest wholly or in part.
- Suspension of privileges while call in arrears** 33. No member shall be entitled to receive any dividend or bonus or to be present and vote (save as proxy for another member) at any general meeting, either personally or by proxy, or be reckoned in a quorum, or to exercise any other privilege as a member until all sums or instalments due from him to the Company in respect of any call, whether alone or jointly with any other person, together with interest and expenses (if any) shall have been paid.
- Evidence in action for call** 34. At the trial or hearing of any action or other proceedings for the recovery of any money due for any call, it shall be sufficient to prove that the name of the member sued is entered in the register as the holder, or one of the holders, of the shares in respect of which such debt accrued; that the resolution making the call is duly recorded in the minute book; and that notice of such call was duly given to the member sued, in pursuance of these Articles; and it shall not be necessary to prove the appointment of the Directors who made such call, nor any other matters whatsoever, and the proof of the matters aforesaid shall be conclusive evidence of the debt.

- Sums payable on allotment/in future deemed a call** 35. Any sum which by the terms of allotment of a share is made payable upon allotment or at any fixed date, whether on account of the nominal value of the share and/or by way of premium or otherwise, shall for all purposes of these Articles be deemed to be a call duly made and payable on the date fixed for payment, and in case of non-payment, all the relevant provisions of these Articles as to payment of interest and expenses, liabilities of joint holders, forfeiture and the like, shall apply as if such sum had become payable by virtue of a call duly made and notified.
- Payment of calls in advance**
App-3
r. 3(1) 36. The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and upon all or any of the moneys so advanced the Company may pay interest at such rate (if any) as the Board may decide. The Board may at any time repay the amount so advanced upon giving to such member not less than one month's notice in writing of its intention in that behalf, unless before the expiration of such notice the amount so advanced shall have been called up on the shares in respect of which it was advanced. No such sum paid in advance of calls shall entitle the member paying such sum to any portion of a dividend declared in respect of any period prior to the date upon which such sum would, but for such payment, become presently payable.

Transfer of Shares

- Form of transfer**
App-3
r. 1(1) 37. ~~Transfers of~~ Subject to the provisions of these Articles, any member may transfer all or any of his shares ~~may be effected~~ by an instrument of transfer in ~~the usual common form or in such other form as the Board may approve, which is consistent with the standard form of transfer as prescribed by the Exchange and approved by the Board.~~ All instruments of transfer must be left at the registered office of the Company or at such other place as the Board may appoint ~~and all such instruments of transfer shall be retained by the Company.~~
- Execution** 38. The instrument of transfer shall be executed by or on behalf of the transferor and by or on behalf of the transferee ~~PROVIDED that the Board may dispense with the execution of the instrument of transfer by the transferee in any case which it thinks fit in its discretion to do so.~~ The instrument of transfer of any share shall be in writing and shall be executed with a manual signature or facsimile signature (which may be machine imprinted or otherwise) by or on behalf of the transferor and transferee ~~PROVIDED that in the case of execution by facsimile signature by or on behalf of a transferor or transferee,~~

the Board shall have previously been provided with a list of specimen signatures of the authorised signatories of such transferor or transferee and the Board shall be reasonably satisfied that such facsimile signature corresponds to one of those specimen signatures. The transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the register in respect thereof.

- Board may refuse to register a transfer**
App 3
r. 1(2)

39. The Board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share which is not fully paid up or on which the Company has a lien.

- Notice of refusal**

40. If the Board shall refuse to register a transfer of any share, it shall, within ~~two months~~ one month after the date on which the instrument of transfer was lodged with the Company, send to each of the transferor and the transferee notice of such refusal.

- Requirements as to transfer**

41. The Board may also decline to register any transfer of any shares unless:

 - (a) the instrument of transfer is lodged with the Company accompanied by the certificate (if any) for the shares to which it relates ~~(which shall upon the registration of the transfer be cancelled)~~ and such other evidence as the Board may reasonably require including, without limitation, such information and documents (i) to show the right of the transferor to make the transfer and/or with regard to whether or not the transfer would result in contravention of the restrictions (if any) on the holding of shares imposed by the Board pursuant to Article 45 and Article 60; and (ii) concerning the establishment or verification of the transferee’s identity (or otherwise) to enable the Board to comply with all applicable anti-money laundering laws;
 - (b) the instrument of transfer is in respect of only one class of shares;
 - (c) the instrument of transfer is properly stamped (in circumstances where stamping is required);
 - (d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;
 - (e) the shares concerned are free of any lien in favour of the Company; ~~and~~

- App 3
r. 1(1)
- (f) a processing fee not exceeding HK\$500 payable to the Investment Manager; and
- (fg) ~~a fee of such maximum as the Exchange may from time to time determine to be payable (or such lesser sum as the Board may from time to time require) is paid to the Company and/or the Investment Manager~~ in respect thereof.
- No transfer to an infant etc**
42. No transfer shall be made to an infant or to a person in respect of whom an order has been made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs or under other legal disability.
- Certificate to be given up on transfer**
43. Upon every transfer of shares the certificate held by the transferor (if any) shall be given up to be cancelled, and shall forthwith be cancelled accordingly, ~~and a new certificate shall be issued without charge to the transferee in respect of the shares transferred to him, and if any of the shares included in the certificate so given up shall be retained by the transferor, a new certificate in respect thereof shall be issued to him without charge~~ upon the registration of the transfer to which it relates. The Company shall also retain the instrument(s) of transfer.
- When transfer books and register may close**
App 13
Part B
r. 3(2)
44. The registration of transfers may, on 14 days' notice being given by ~~advertisement published in the newspaper to shareholders,~~ be suspended and the register closed at such times and for such periods as the Board may from time to time determine, provided that the registration of transfers shall not be suspended or the register closed for more than 30 days in any year (or such longer period as the ~~members~~shareholders may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).
- Compulsory transfer and redemption and purchase of shares**
45. (a) The Board shall have power to impose such restrictions as it may think necessary for the purpose of ensuring that no shares are acquired or held by a Non-eligible Investor.
- (b) If it shall come to the notice of the Board that any shares are owned directly or beneficially by a Non-eligible Investor in contravention of any such restrictions as are referred to in paragraph (a) of this Article, the Board may give notice to such person requiring him to transfer such shares to a person who would not thereby be in contravention of any such restrictions as aforesaid. If any person upon whom such a notice is served pursuant to this paragraph does not within thirty

days after such notice transfer such shares as aforesaid or establish to the satisfaction of the Board (whose judgment shall be final and binding) that such shares are not held in contravention of any such restrictions he shall be deemed upon the expiration of such period of thirty days to have given ~~an instrument of transfer in respect~~ a request in writing for the redemption of all his shares the subject of such notice and the Directors shall be entitled to ~~sell such shares at the best price reasonably obtainable from any other person and to appoint any person to sign on his behalf such documents as may be required for the purposes of the sale and transfer.~~ Upon the Directors resolving to sell the shares of a member pursuant to ~~this Article, there~~ redeem compulsorily such shares in accordance with the provisions of these Articles. The member shall be bound forthwith to deliver to the Company or its authorised agents the certificate(s) (if any) for such shares.

- (c) The Directors may in their absolute discretion, redeem compulsorily any shares held by a Non-eligible Investor in contravention of any such restrictions as are referred to in paragraph (a) of this Article at a price equivalent to the Net Asset Value per share as of the Valuation Point immediately prior to the date on which the Directors determine that such redemption is to take effect. No shareholders' resolution shall be required in the event that the Directors decide to exercise their powers under this Article to redeem compulsorily any shares held by a Non-eligible Investor.
- (d) ~~Any shares redeemed compulsorily under this Article shall be treated as cancelled on redemption and the amount of the Company's issued share capital shall be diminished by the nominal value of those shares accordingly.~~
- (e) ~~Payment of the purchase moneys payable on a purchase under this Article will be made in dollars and will be deposited by the Company with or to the order of the Custodian in the name of the Company for payment to any such person. Upon the deposit of such purchase moneys as aforesaid such person shall have no further interest in such shares or any of them or any claim against the Company in respect thereof except the right to receive the moneys so deposited (without interest). In the case of a redemption under this Article, payment of the The redemption proceeds will be made in dollars to the relevant member by wire transfer to the account designated by the relevant member. paid to the relevant Non-eligible Investor~~

within one calendar month following the Directors' decision to redeem compulsorily any shares held by that Non-eligible Investor. No interest will accrue on the redemption proceeds pending payment.

- (d) A person who becomes aware that he is holding or owning shares in contravention of any such restrictions as are referred to in paragraph (a) of this Article shall, unless he has already received a notice pursuant to paragraph (b) of this Article, immediately either transfer all such shares to a person who would not thereby be in contravention of any such restrictions as aforesaid or give a request in writing for the redemption of all such shares pursuant to these Articles.
- (e) Subject to the provisions of this Article 45, a compulsory redemption under this Article will be effected in accordance with Article 9A of these Articles.
- (f) ~~The Company may, if required to do so by law or by any authority or by the Exchange, make available to such authority or to the Exchange such evidence or information which may have been furnished to or which may come into the possession of the Company as regards the identity of a holder of shares and/or the qualification of such a holder to hold or to continue to hold such shares and the Company shall not be liable to such holder for any loss occasioned by reason of such disclosure.~~
- (f) References to "redemption" and "redeem" in this Article 45 shall be construed as references to "repurchase" where the relevant shares are Non-redeemable Class N Shares.

Transmission of Shares

- Death of registered holder or of joint holder of shares**
46. In the case of the death of a member, the survivor or survivors where the deceased was a joint holder, and the legal personal representatives of the deceased where he was a sole holder, shall be the only persons recognised by the Company as having any title to his interest in the shares; but nothing herein contained shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share solely or jointly held by him.
- Registration of personal representatives and trustee in bankruptcy**
47. Any person becoming entitled to a share in consequence of the death or bankruptcy or winding-up of a member may, upon such evidence as to his title being produced as may from time to time be required by the Board and subject as hereinafter provided, either be registered himself as holder of the share or elect to have some other person nominated by him registered as the transferee thereof.
- Notice of election to be registered/ Registration of nominee**
48. If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. If he shall elect to have his nominee registered he shall testify his election by executing in favour of his nominee a transfer of such share. All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy or winding-up of the member had not occurred and the notice or transfer were a transfer executed by such member.
- Retention of dividends, etc., until transfer or transmission of shares of a deceased or bankrupt member**
49. A person becoming entitled to a share by reason of the death or bankruptcy or winding-up of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share. However, the Board may, if it thinks fit, withhold the payment of any dividend payable or other advantages in respect of such share until such person shall become the registered holder of the share or shall have effectually transferred such share, but, subject to the requirements of Article 93 being met, such a person may vote at meetings.

Forfeiture of Shares

- If call or instalment not paid notice may be given**
50. If a member fails to pay any call or instalment of a call on the day appointed for payment thereof, the Board may, at any time during such time as any part thereof remains unpaid, without prejudice to the provisions of Article 33, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment.

- Form of notice** 51. The notice shall name a further day (not being less than 14 days from the date of service of the notice) on or before which, and the place where, the payment required by the notice is to be made, and shall state that in the event of non-payment on or before the time and at the place appointed, the shares in respect of which such call was made or instalment is unpaid will be liable to be forfeited. The Board may accept a surrender of any share liable to be forfeited hereunder and in such case, references in these Articles to forfeiture shall include surrender.
- If notice not complied with shares may be forfeited** 52. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited shares, and not actually paid before the forfeiture.
- Forfeited shares to be deemed property of Company** 53. Any share so forfeited shall be deemed to be the property of the Company and may be re-allotted sold or otherwise disposed of on such terms and in such manner as the Board thinks fit and at any time before a re-allotment, sale or disposition the forfeiture may be cancelled by the Board on such terms as it thinks fit.
- Arrears to be paid notwithstanding forfeiture** 54. A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding the forfeiture, remain liable to pay to the Company all moneys which at the date of forfeiture were payable by him to the Company in respect of the shares, together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 15 per cent. per annum as the Board may prescribe, and the Board may enforce the payment thereof if it thinks fit, and without any deduction or allowance for the value of the shares forfeited, at the date of forfeiture. For the purposes of this Article any sum which, by the terms of issue of a share, is payable thereon at a fixed time which is subsequent to the date of forfeiture, whether on account of the nominal value of the share or by way of premium, shall notwithstanding that time has not yet arrived, be deemed to be payable at the date of forfeiture, and the same shall become due and payable immediately upon the forfeiture, but interest thereon shall only be payable in respect of any period between the said fixed time and the date of actual payment.

- Evidence of forfeiture** 55. A statutory declaration in writing that the declarant is a Director or Secretary of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. The Company may receive the consideration, if any, given for the share on any re-allotment, sale or disposition thereof and the Board may authorise any person to execute a letter of re-allotment or transfer the share in favour of the person to whom the share is re-allotted, sold or disposed of and he shall thereupon be registered as the holder of the share, and shall not be bound to see to the application of the subscription or purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, re-allotment, sale or other disposal of the share.
- Notice after forfeiture** 56. When any share shall have been forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the register. Notwithstanding the above, no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice as aforesaid.
- Power to redeem forfeited shares** 57. Notwithstanding any such forfeiture as aforesaid, the Board may at any time, before any share so forfeited shall have been re-allotted, sold, or otherwise disposed of, permit the share forfeited to be redeemed upon the terms of payment of all calls and interest due upon and expenses incurred in respect of the share, and upon such further terms (if any) as it thinks fit.
- Forfeiture not to prejudice Company's right to call or instalment** 58. The forfeiture of a share shall not prejudice the right of the Company to any call already made or instalment payable thereon.
- Forfeiture for Non-payment of any sum due on shares** 59. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

Minimum Holding

- Minimum Holding** 60. The Directors may from time to time determine the minimum amount, if any, in value or number of any holding of shares which may be held and may, in doing so, differentiate between applicants or different groups of applicants or between different holders, different groups of holders PROVIDED THAT any such determination shall not apply to any person registered as a holder of shares prior to such determination either to dispose of any of his shares or to acquire any additional shares.

Net Asset Value

- Determination of Net Asset Value** 61.61-(a) The Net Asset Value shall be determined by the Board or such other person as determined by the Board as at the Valuation Point (except when determination of the Net Asset Value has been suspended under the provisions of Article 62) or at such other time as the Investment Manager and the Board may from time to time determine. The Net Asset Value shall be calculated by valuing the Investments and deducting the liabilities of the Company in accordance with the provisions of these Articles. The Net Asset Value per share as at any particular time shall be determined by dividing the Net Asset Value as at that time by the number of shares in issue at that time. Any certificate as to the Net Asset Value per share therefor given in good faith by or on behalf of the Board shall be binding on all parties.

[D8(a)]

- (b) If on any Valuation Day, the Board considers that the subscription price or redemption price or purchase price determined in accordance with these Articles does not accurately reflect the true value of the shares, they may arrange for a revaluation of the shares, in order to determine a new subscription price or redemption price or purchase price to apply in relation to the issue or redemption or purchase of shares on any such Valuation Day.

[D9(a)]

62. The Board may suspend the determination of the Net Asset Value on any Business Day (and hence the Net Asset Value per share) and the issue and redemption and purchase of the shares or delay the payment of redemption and purchase proceeds during any period when:
- (a) any ~~market~~Market which is the main market for a substantial part of the Investments is closed (other than ordinary holiday or customary weekend closings) or when trading thereon is restricted or suspended;

- (b) any emergency exists as a result of which disposal by the Company of Investments which constitute a substantial portion of its assets is not practically feasible;
- (c) for any reason the prices of a substantial portion of the Investments cannot be reasonably, promptly or accurately ascertained by the Company;
- (d) remittance of monies which will, or may be, involved in the realisation of, or in the payment for, Investments cannot, in the opinion of the Directors, be carried out at normal rates of exchange;
- (e) proceeds of the sale or redemption of shares cannot be transmitted to or from the Company's account; or
- (f) for any other reason the value of any of the Investments cannot reasonably or fairly be ascertained.

Any such suspension shall take effect at such time as the Board shall declare but not later than the close of business on the Business Day next following the declaration, and thereafter there shall be no determination of the Net Asset Value until the Board shall declare the suspension at an end, except that such suspension shall terminate in any event on the first Business Day on which:

- (a) the condition giving rise to the suspension shall have ceased to exist; and
- (b) no other condition under which suspension is authorised under this Article shall exist.

Where possible, all reasonable steps shall be taken by the Board to bring any period of suspension to an end as soon as possible.

63. Each declaration by the Board pursuant to Article 61 shall be consistent with such official rules and regulations (if any) relating to the subject matter thereof as shall have been promulgated by any authority having jurisdiction over the Company and as shall be in effect at the time. To the extent not inconsistent with such official rules and regulations the determination of the Board shall be conclusive. Whenever the Board shall declare a suspension of the determination of the Net Asset Value, then as soon as may be practicable after any such declaration, the Board shall notify the ~~Exchange~~SFC and use its best endeavours to cause a notice to the effect that such declaration has been made to be published in the

newspapers, and at least once a month during the period of such suspension. At the end of any period of suspension as aforementioned the Board shall notify the ~~Exchange~~SFC and cause another notice to the effect that the period of suspension has ended to be published in the newspapers.

~~64. If the Net Asset Value of the Company at any time falls below HK\$80,000,000 and remains below that level for 30 or more consecutive Business Days, the Directors may, having consulted the Investment Manager, convene a general meeting of shareholders to determine by way of shareholders' resolution whether the Company should continue in operation or be woundup. The Company will only continue in operation if approved by an ordinary resolution passed by shareholders at that meeting.~~

64. *[Intentionally deleted].*

65. For the purpose of calculating the Net Asset Value:

(a) Unless the Investment Manager (with the consent of the Directors) determines that some other method of valuation is more appropriate in relation to the Investments, the Value of any Security or Commodity which is listed or quoted on ~~or the subject of an effective permission to deal on the Exchange, the Hong Kong Futures Exchange Limited or an international stock or futures exchange which is recognised by the Securities and Futures Commission of Hong Kong or which is approved by the Board and the Investment Manager (a "a Market")~~ (and includes any Security in respect of which application has been made for listing, quotation or permission to deal on a Market and the subscription or purchase of such Security by the Investment Manger is conditional on the granting of such listing, quotation or permission to deal (respectively, a "Quoted Security" and a "Quoted Commodity")) shall be calculated by reference to the price appearing to the Investment Manager to be the closing price on the Market on which the relevant Security or Commodity (or, in the case of any Security which consists of a warrant or purchase option, the underlying Security that such warrant or option relates to) is quoted, listed or ordinarily dealt in for such amount or quantity of such Security or Commodity (or, in the case of any Security which consists of a warrant or purchase option, the amount or quantity of the underlying Security that such warrant or option relates to) as the Investment Manager may consider in the circumstances to provide fair criterion, provided that:

- (i) if any Quoted Security or any Quoted Commodity or (as the case may be) any underlying Security is quoted, listed or normally dealt in on more than one Market, the Investment Manager shall adopt the price quoted on the Market which, in its opinion, provides the principal market for such Security or Commodity or (as the case may be) such underlying Security;
 - (ii) in the case of any Quoted Security or any Quoted Commodity or (as the case may be) any underlying Security which is quoted, listed or normally dealt in on a Market but in respect of which, for any reason, prices on that Market may not be available at any relevant time, the Value thereof shall be certified by such firm or institution making a market in such investment as may be appointed for such purpose by the Investment Manager or, if the Directors so require, by the Investment Manager after consultation with the Directors;
 - (iii) there shall be taken into account interest accrued on interest-bearing Securities up to (and including) the date as at which the valuation is made, unless such interest is included in the quoted or listed price; and
 - (iv) for the purpose of the foregoing provisions, the Investment Manager (with the approval of the Directors, such approval not to be unreasonably withheld) shall be entitled to use and rely upon electronically transmitted information from such source or sources as they may from time to time think fit with regard to the pricing of Securities or Commodities on any Market notwithstanding that the prices so used are not the closing prices.
- (b) The Value of any Security which is not a Quoted Security or any Commodity which is not a Quoted Commodity (respectively an “Unquoted Security” and an “Unquoted Commodity”) shall be its initial value ascertained in accordance with paragraph (b)(i) of this Article or its value according to the latest revaluation thereof made in accordance with paragraph (b)(ii) of this Article.

- (i) The initial value of an Unquoted Security or an Unquoted Commodity shall be the amount expended by the Company in the acquisition thereof (including in each case the amount of the stamp duties, commissions and other expenses incurred in the acquisition thereof and the vesting thereof in the Custodian for the purposes of the Investments).
- (ii) The Investment Manager may at any time with the approval of the Directors and shall at such times or at such intervals as the Directors may request cause a revaluation to be made of any Unquoted Security or Unquoted Commodity by a professional person approved by the Directors as qualified to carry out such revaluation (and such professional person may be, if the Directors agree, the Investment Manager itself).
- (iii) Paragraph (d) shall apply to shares in any corporation which is or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in Securities or other investments and which is offering for sale or has outstanding redeemable shares of which it is the issuer or in respect of any such corporation with more than one class of shares (each representing a separate portfolio investing as aforesaid), each such class of shares (a “Mutual Fund Corporation”) and units in any arrangement made for the purpose, or having the effect, of providing facilities for the participation by persons, as beneficiaries under a trust, in profits or income arising from the acquisition, holding, management or disposal of securities or any other property whatsoever or, in respect of any such arrangement which offers more than one class of units to participating persons (each representing a separate portfolio acquiring, holding, managing or disposing as aforesaid), each such class of units (a “Unit Trust”) other than a Unit Trust which does not provide for units therein to be realised at the option of their holders and a Mutual Fund Corporation whose shares are redeemable only at the option of its manager or upon the occurrence of certain specified events.

(c) The Value of any Futures Contract shall be calculated on the following basis:

(i) For the purpose of the formulae set out in paragraphs (c)(ii) and (c)(iii) of this Article:

A = the full amount expressed in the Futures Contract as being due to be paid or received by the holder of such Futures Contract upon settlement thereof or (as the case may be) upon delivery of the subject matter of such Futures Contract (the "Contract Value") of the relevant Futures Contract ("the Open Contract");

B = the amount determined by the Investment Manager to be the Contract Value of the Futures Contract which the Investment Manager would need to enter into on behalf of the Company in order to close the Open Contract, such determination to be made by reference to the latest available price or (if bid and offered quotations are made) the latest available middle market quotation on the date as at which the valuation is to be made on the Market in which the Open Contract was entered into on behalf of the Company; and

C = the amount expended out of the Company in entering into the Open Contract, including the amount of all stamp duties, commissions and other expenses but excluding any deposit or margin provided in connection therewith.

(ii) The Value of a Futures Contract under which the Company is the seller of the relevant Commodity, share price index or other subject matter of such Futures Contract, shall be the positive or negative amount given by the formula:

$$A - (B + C)$$

- (iii) The Value of a Futures Contract under which the Company is the buyer of the relevant Commodity, share price index or other subject-matter of such Futures Contract, shall be the positive or negative amount produced by applying the following formula:

$$B - (A + C)$$

- (d) Subject to paragraph (b)(iii) of this Article, the Value of any holding in any Mutual Fund Corporation or Unit Trust shall be calculated on the following basis:
 - (i) The Value of any unit in any Unit Trust and any share in any Mutual Fund Corporation (other than a unit in a Unit Trust which does not provide for units therein to be realised at the option of their holders and a share in a Mutual Fund Corporation whose shares are redeemable only at the option of its manager or upon the occurrence of certain specified events) shall be the latest available net asset value per unit in such Unit Trust or per share in such Mutual Fund Corporation or (if such net asset value is not available or not considered by the Investment Manager to be appropriate) a price calculated by aggregating the latest available bid price for such a unit or share and the latest available offer price therefor and dividing the resulting sum by two, unless in any case the Investment Manager considers that the latest available bid price is a more appropriate method of valuation.
 - (ii) For the purpose of this paragraph (d), references to the “latest available” net asset value, bid price or offer price, as the case may be, means any of (a) the latest published net asset value, bid price or offer price; or (b) a net asset value, bid price or offer price which has been calculated but not yet published; or (c) a net asset value, bid price or offer price which will be determined as at a time on, before or after the relevant Valuation Point, whichever the Investment Manager considers to be most appropriate in the relevant circumstances.
- (e) Cash, deposits and similar property shall be valued at their face value (together with accrued interest) unless, in the opinion of the Investment Manager, any adjustment should be made to reflect the value thereof.

- (f) Notwithstanding paragraphs (a) to (e) inclusive of this Article, the Investment Manager may adjust the Value of any Security, Commodity, Futures Contract or other property if, having regard to currency, applicable rate of interest, maturity, marketability or any other considerations it considers relevant, it determines that such adjustment is required to reflect more fairly the Value thereof.
- (g) Where the current price of a Quoted Security or (as the case may be) underlying Security is quoted “ex” any dividend (including stock dividend), interest or other rights to which the Company is entitled but such dividend, interest or the property or cash to which such rights relate has not been received and is not otherwise taken into account, the amount of such dividend, interest, property or cash shall be included in the Investments.
- Liabilities of the Company** 66. (a) The liabilities of the Company shall be all liabilities of whatsoever nature attributable to the Company and shall include (without limitation):
- (i) an amount in respect of any fees to which the Investment Manager and the Custodian may become entitled pursuant to any agreement entered into between the Company and the Investment Manager respectively in respect of the Company accrued to the date as at which the valuation is made but remaining unpaid;
 - (ii) the amount of tax (if any) accrued up to the end of the last Accounting Period remaining unpaid;
 - (iii) any other costs or expenses payable but not paid which are expressly authorised by the Directors to be payable out of the Company;
 - (iv) an appropriate allowance for any contingent liabilities;
 - (v) the aggregate amount for the time being outstanding on any borrowing effected under Article 71 and the amount of any interest and expenses incurred in relation thereto remaining unpaid; and
 - (vi) an amount equal to the Value of any Futures Contract which is a negative amount.
- (b) Liabilities shall (where appropriate) be treated as accruing from day to day.

- Taxation** 67. There shall be taken into account such sum (if any) as in the estimate of the Investment Manager will fall to be paid or reclaimed in respect of all forms of taxation related to transactions down to the Business Day as at which the valuation is made.
- Conversion to Currency of Account [DI5]** 68. Any Value (whether of a liability or an investment or cash) and any borrowing otherwise than in the currency in which the records of the Company are for the time being maintained (the “Currency of Account”) shall be converted into the Currency of Account at the rate (whether official or otherwise) which the Investment Manager shall deem appropriate in the circumstances having regard to any premium or discount which may be relevant and to costs of exchange. The Currency of Account for the time being is Hong Kong dollars.
- Publication of Net Asset Value** 69. The Net Asset Value per share shall be published in the newspapers at such times as the Board may determine.

Alteration of Capital

- Consolidation and division of capital and sub-division and cancellation of shares sub-division and cancellation of shares** 70. (a) The Company may from time to time by ordinary resolution:
- (i) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Board may settle any difficulty which may arise as it thinks expedient ~~and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Board for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to the Company for the Company’s benefit;~~

- (ii) ~~divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges conditions or such restrictions which in the absence of any such determination by the Company in general meetings, as the Directors may determine provided always that where the Company issues shares which do not carry voting rights, the words "non-voting" shall appear in the designation of such shares and where the equity capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favourable voting rights, must include the words "restricted voting" or "limited voting";~~
- (iii) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled subject to the provisions of the Law; and
- (iviii) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association of the Company, subject nevertheless to the provisions of the Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares.

**Increase of
capital**

- (b) The Company may from time to time by ordinary resolution increase its capital by such sum to be divided into such shares of such amounts and of such classes as the resolution shall prescribe. The Company may, by the resolution increasing the capital, direct that the new shares or any of them shall be offered in the first instance either at par or at a premium or (subject to the provisions of the Companies Law) at a discount, to all the holders for the time being of shares of any class or classes in proportion to the number of such shares held by them respectively, or otherwise, or may make any other provisions as to issue of the new shares. The new shares shall be subject to all the provisions of these Articles with reference to liens, the payment of calls, forfeiture, transfer, transmission and otherwise.

- Reduction of capital** (bc) The Company may by special resolution reduce its share capital; or any capital redemption reserve or any share premium account in any manner authorised and subject to any conditions prescribed by the Law.

Borrowing Powers

- Power to borrow** 71. The Board may from time to time at its discretion exercise all the powers of the Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of the Company and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof which powers may be limited from time to time by resolution of the Directors. Notwithstanding the foregoing, the Company will limit borrowing against the assets of the Company to a maximum of 25 per cent. of the latest available Net Asset Value at the time the borrowing is made except that back-to-back loans will not be taken into account when determining whether or not such limit has been breached by the Company.
[D7.21]
- Conditions on which money may be borrowed** 72. The Board may raise or secure the payment or repayment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit and, in particular, by the issue of debentures, debenture stock, bonds or other securities of the Company, whether outright or as collateral security for any debts, liability or obligations of the Company or of any third party.
- Assignment** 73. Debentures, debenture stock, bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.
- Special privileges** 74. Any debentures, debenture stock, bonds or other securities may be issued at a discount, premium or otherwise and with any special privileges as to redemption, surrender, drawings, allotment of shares, attending and voting at general meetings of the Company, appointment of Directors and otherwise.
- Register of charges to be kept** 75. (a) The Board shall cause a proper register to be kept, in accordance with the provisions of the Law, of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of the Law in regard to the registration of mortgages and charges therein specified and otherwise.

- Register of debentures or debenture stock** (b) If the Company issues debentures or debenture stock (whether as part of a series or as individual instruments) not transferable by delivery, the Board shall cause a proper register to be kept of the holders of such debentures.
- Mortgage of uncalled capital** 76. Where any uncalled capital of the Company is charged, all persons taking any subsequent charge thereon shall take the same subject to such prior charge, and shall not be entitled, by notice to the members or otherwise, to obtain priority over such prior charge.

Transactions with Connected Persons [D12]

- Cash deposited with Connected Persons** 76A. (a) Cash forming part of the property of the Company may be placed as deposits with the Custodian, Investment Manager or with any Connected Persons of these companies (being an institution licensed to accept deposits) so long as that institution pays interest thereon at no lower rate than is, in accordance with normal banking practice, the commercial rate for deposits of the size of the deposit in question negotiated at arm's length.
- Borrowing from Connected Persons** (b) Money may be borrowed from the Custodian, Investment Manager or any of their Connected Persons (being a bank) so long as that bank charges interest at no higher rate, and any fee for arranging or terminating the loan is of no greater amount than is in accordance with normal banking practice, the commercial rate for a loan of the size and nature of the loan in question negotiated at arm's length.
- Custodian consent required** (c) All transactions between the Company and the Investment Manager, the Directors or any of their Connected Persons as principal may only be made with the prior written consent of the Custodian.
- Transaction with Connected Persons** (d) All transactions carried out by or on behalf of the Company must be at arm's length and executed on the best available terms. Transactions with Connected Persons to the Investment Manager or directors of the Company may not account for more than 50 per cent. of the Company transactions in value in any one financial year of Company.

General Meetings

- When annual general meeting to be held** 77. ~~The~~(a) Subject to Article 77(b), the Company shall in each year hold a general meeting as its annual general meeting in addition to any other general meeting in that year and shall specify the meeting as

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such in the notices calling it; and not more than 15 months (or such longer period as the Exchange may authorise) shall elapse between the date of one annual general meeting of the Company and that of the next. So long as the first annual general meeting of the Company is held within 18 months of its incorporation, it need not be held in the year of its incorporation or in the following years. The annual general meeting shall be held at such time and place as the Board shall appoint.

(b) If the Company is exempted as defined in the Law it may but shall not be obliged to hold an annual general meeting.

**Extraordinary
general meeting
[6.15(f)]**

78. All general meetings other than annual general meetings shall be called extraordinary general meetings. An extraordinary general meeting shall be called, inter alia, for the following purposes:

(a) to modify, alter or add to these Articles;

(b) to terminate the Company under the circumstances as set out in Article 193;

(c) to increase the maximum fees paid to the Investment Manager, Custodian or Directors; or

(d) to impose other types of fees; or

(e) to remove and appoint Directors and to determine the remuneration of the Directors.

**Convening of
extraordinary
general meeting**

79. The Board may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the written requisition of any two or more members of the Company deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than ~~twenty-five per cent. of the paid-up capital of the Company which carries the right of voting at general meetings of the Company.~~ General meetings may also be convened on the written requisition of any one member of the Company which is a recognised clearing house (or its nominee) deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionist, provided that such requisitionist held as at the date of deposit of the requisition not less than 25 per cent. of the paid up

capital of the Company which carries the right of voting at general meetings of the Company. If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

Notice of
meetings
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80. (a) ~~An annual~~^A general meeting ~~and any extraordinary general meeting called for the passing of a special resolution~~ shall be called by not less than 21 days' notice in writing ~~and any other extraordinary general meeting shall be called by not less than 14 days' notice in writing.~~ The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time, place, and agenda of the meeting, particulars of the resolutions to be considered at the meeting ~~and, in the case of special business (as defined in Article 82), the general nature of that business.~~ The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Notice of every general meeting shall be given to the Auditors and to all members other than those who, under the provisions hereof or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company.
- (b) Notwithstanding that a meeting of the Company is called by shorter notice than that referred to in paragraph (a) of this Article, it shall be deemed to have been duly called if it is so agreed:
- (i) in the case of a meeting called as an annual general meeting, by all the members of the Company entitled to attend and vote thereat or their proxies; and
 - (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right.

- (c) There shall appear with reasonable prominence in every notice of general meetings of the Company a statement that a member entitled to attend and vote is entitled to appoint a proxy to attend and, on a poll, vote instead of him and that a proxy need not be a member of the Company.
- Omission to give notice/instrument of proxy** 81. (a) The accidental omission to give any such notice to, or the non-receipt of any such notice by, any person entitled to receive notice shall not invalidate any resolution passed or any proceeding at any such meeting.
- (b) In cases where instruments of proxy are sent out with notices, the accidental omission to send such instrument of proxy to, or the non-receipt of such instrument of proxy by, any person entitled to receive notice shall not invalidate any resolution passed or any proceeding at any such meeting.

Proceedings at General Meetings

- SpecialOrdinary business** 82. ~~All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:~~*[Intentionally deleted]*
- (a) ~~the declaration and sanctioning of dividends;~~
- (b) ~~the consideration and adoption of the accounts and balance sheets and the reports of the Directors and the Auditors and other documents required to be annexed to the balance sheet;~~
- (c) ~~the election of Directors;~~
- (d) ~~the appointment of Auditors;~~
- (e) ~~the fixing of, or the determining of the method of fixing of, the remuneration of the Directors and of the Auditors;~~
- (f) ~~the granting of any mandate or authority to the Directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than 20 per cent. (or such other percentage as may from time to time be specified in the Listing Rules) in nominal value of its then existing issued share capital and the number of any securities repurchased pursuant to paragraph (g) of this Article; and~~

(g) ~~the granting of any mandate or authority to the Directors to repurchase securities of the Company.~~

Quorum
[6.15(c)]

83. ~~For all purposes~~Except where there is only one member of record, in which case that one member shall be a quorum, the quorum for a general meeting shall be two~~at which a special resolution is to be considered shall be members present in person or by proxy holding in aggregate at least 25 per cent. of all shares in issue and the quorum for a general meeting at which an ordinary resolution is to be considered shall be members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote provided always that if the Company has only one member of record the quorum shall be that one member present in person or by proxy.~~ or by proxy holding in aggregate at least 10 per cent. of all shares in issue. No business (except the appointment of a Chairman) shall be transacted at any general meeting unless the requisite quorum shall be present ~~when~~at the ~~meeting proceeds to~~commencement of the business.

When if quorum not present meeting to be dissolved and when to be adjourned
[6.15(d)]

84. If within 30 minutes from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved, but in any other case it shall stand adjourned ~~to the same day in the next week, or such other day as the Directors may determine~~for not less than 15 days, and at such time and place as shall be decided by the Board, and if at such adjourned meeting a quorum is not present within 30 minutes from the time appointed for holding the meeting, the member or members present in person or by proxy shall be a quorum and may transact the business for which the meeting was called.

Chairman of general meeting

85. The Chairman shall take the chair at every general meeting, or, if there be no such Chairman or, if at any general meeting such Chairman shall not be present within 15 minutes after the time appointed for holding such meeting or is unwilling to act, the Directors present shall choose another Director as Chairman, and if no Director be present, or if all the Directors present decline to take the chair, or if the Chairman chosen shall retire from the chair, then the members present shall choose one of their own number to be Chairman.

Power to adjourn general meeting/business of adjourned meeting

86. The Chairman may, with the consent of any general meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn any meeting from time to time and from place to place as the meeting shall determine. Whenever a meeting is adjourned for 14 days or more, at least seven clear days' notice, specifying the place, the day and the hour of the adjourned meeting shall be given in the same manner as in the case of an original meeting but it shall not be

necessary to specify in such notice the nature of the business to be transacted at the adjourned meeting. Save as aforesaid, no member shall be entitled to any notice of an adjournment or of the business to be transacted at any adjourned meeting. No business shall be transacted at any adjourned meeting other than the business which might have been transacted at the meeting from which the adjournment took place.

Right to demand Poll
a poll and what
is to be evidence
of the passing of
a resolution
where poll not
demand

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87. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded. A poll may be demanded by:

- (a) the Chairman of the meeting;
- (b) at least five members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy, and entitled to vote;
- (c) any member or members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and representing in the aggregate not less than one-tenth of the total voting rights of all members having the right to attend and vote at the meeting; or
- (d) any member or members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and holding shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

Unless a poll is so demanded and not withdrawn, a declaration by the Chairman that a resolution has on a show of hands been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the Company's book containing the minutes of proceedings of meetings of the Company shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

Poll

88. (a) If a poll is demanded as aforesaid, it shall (subject as provided in Article 89) be taken in such manner (including the use of ballot or voting papers or tickets) and at such time and place, not being more than 30 days from the date of the meeting or

~~adjourned meeting at which the poll was demanded as the Chairman directs. No notice need be given of a poll not taken immediately. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn, with the consent of the Chairman, at any time before the close of the meeting at which the poll was demanded or the taking of the poll, whichever is earlier.~~

- Business may proceed notwithstanding demand for poll** 88. (b) ~~The demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded~~*[Intentionally deleted]*.
- In what case poll taken without adjournment** 89. ~~Any poll duly demanded on the election of a Chairman of a meeting or on any question of adjournment shall be taken at the meeting and without adjournment~~*[Intentionally deleted]*.
- Chairman to have casting vote** 90. In the case of an equality of votes, ~~whether on a show of hands or on a poll,~~ the Chairman of the meeting ~~at which the show of hands takes place or at which the poll is demanded,~~ shall be entitled to a second or casting vote.
- Written resolutions** 91. A resolution in writing (in one or more counterparts), including a special resolution, signed by all members for the time being entitled to receive notice of and to attend and vote at general meetings (or being corporations by their duly appointed representatives) shall be as valid and effective as if the same had been passed at a general meeting of the Company duly convened and held. Any such resolution shall be deemed to have been passed at a meeting held on the date on which it was signed by the last member to sign.

Votes of Members

- Votes of members**
~~21.04(3)(d)~~
[6.15(b)(h)] 92. (†a) Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting ~~on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorised representative) shall have one vote, and on a poll every member present in person (or, in the case of a member being a corporation, by its duly authorised representative)~~ or by proxy shall have one vote for each share registered in his name in the register. ~~On a poll a~~ member entitled to more than one vote is under no obligation to cast all his votes in the same way. Notwithstanding any

other provision of these Articles, no relevant person (as defined below) (nor any Connected Person of that relevant person) shall be entitled to cast any vote in respect of shares beneficially owned by him or it in relation to any resolution in which he or it (or any of his or its associates (as defined below)) has a material interest and in relation to such a resolution all shares beneficially owned by that relevant person or his or its Connected Persons shall be ignored for all purposes in establishing whether or not a quorum is present as if such shares were not then in issue. For the purposes of this Article, a “relevant person” is any Director, the Custodian, the Investment Manager or any investment adviser appointed by the Investment Manager and every director of any such Custodian, Investment Manager or investment adviser. For the purposes of this Article, the term “associate” shall have the meaning ascribed to it, as the context requires, in the ~~Listing Rules~~ SFO.

(2b) Where the Company has knowledge that any member is, under the ~~Listing Rules~~ Code, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

**Votes in respect
of deceased and
bankrupt
members**

93. Any person entitled under Article 47 to be registered as a shareholder may vote at any general meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that at least 48 hours before the time of the holding of the meeting or adjourned meeting (as the case may be) at which he proposed to vote, he shall satisfy the Board of his right to be registered as the holder of such shares or the Board shall have previously admitted his right to vote at such meeting in respect thereof.

**Votes of joint
holders**

94. Where there are joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding. Several executors or administrators of a deceased member in whose name any share stands shall for the purposes of this Article be deemed joint holders thereof.

- Votes of member of unsound mind** 95. A member in respect of whom an order has been made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs may vote, ~~whether on a show of hands or on a poll,~~ by any person authorised in such circumstances to do so, and such person may vote ~~on a poll~~ by proxy.
- Qualification for voting** 96. (a) Save as expressly provided in these Articles or as otherwise determined by the Board, no person other than a member duly registered and who shall have paid everything for the time being due from him payable to the Company in respect of his shares shall be entitled to be present or to vote (save as proxy for another member), or to be reckoned in a quorum, either personally or by proxy at any general meeting.
- Objections to voting** (b) No objection shall be raised as to the qualification of any person exercising or purporting to exercise any vote or to the admissibility of any vote except at the meeting or adjourned meeting at which the person exercising or purporting to exercise his vote or the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. In the case of any dispute as to the admission or rejection of any vote, the Chairman of the meeting shall determine the same and such determination shall be final and conclusive.
- Proxies** 97. Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person (who must be an individual) as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. On a poll votes may be given either personally or by proxy. A proxy need not be a member of the Company. A member may appoint any number of proxies to attend in his stead at any one general meeting (or at any one class meeting).
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Part B
r. 2(2)
[6.15(a)]~~
- Instrument appointing proxy to be in writing** 98. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney authorised in writing, or if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person duly authorised to sign the same.
- ~~App 3
r. 11(2)~~
- Delivery of authority for appointment of proxy** 99. The instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered at the registered office of the Company (or at such other

place as may be specified in the notice convening the meeting or in any notice of any adjournment or, in either case, in any document sent therewith) not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote ~~or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than 48 hours before the time appointed for the taking of the poll,~~ and in default the instrument of proxy shall not be treated as valid provided always that the Chairman of the meeting may at his discretion direct that an instrument of proxy shall be deemed to have been duly deposited upon receipt of telex or cable or facsimile confirmation from the appointor that the instrument of proxy duly signed is in the course of transmission to the Company. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution. Delivery of any instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

**Form of
proxy**
App-3
r.11(1)

100. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in common form or such other form as the Board may from time to time approve, provided that it shall enable a member, according to his intention, to instruct his proxy to vote in favour of or against (or in default of instructions or in the event of conflicting instructions, to exercise his discretion in respect of) each resolution to be proposed at the meeting to which the form of proxy relates.

**Authority under
instrument
appointing
proxy**

101. The instrument appointing a proxy to vote at a general meeting shall: (a) be deemed to confer authority to demand or join in demanding a poll and to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit; and (b) unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates, provided that the meeting was originally held within 12 months from such date.

**When vote
by proxy/
representative
valid though
authority
revoked**

102. A vote given in accordance with the terms of an instrument of proxy or resolution of a member shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or power of attorney or other authority under which the proxy or resolution of a member was executed or revocation of the relevant resolution or the transfer of the share in respect of which the proxy was given, provided that no intimation in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the Company at its registered office, or at such other place as is referred to in Article 99, at least two hours before the commencement of the meeting or adjourned meeting at which the proxy is used.

**Corporations/
clearing houses
acting by
representatives at
meetings**
App 13
Part B
r. 2(2)

103. Any corporation which is a member, ~~including a recognised clearing house or a nominee of a recognised clearing house being a member,~~ may, by resolution of its directors or other governing body or by power of attorney, authorise such person or persons as it thinks fit to act as its proxy(ies) corporate representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is authorised. Each person so authorised under the provisions of these Articles shall be entitled to exercise the same rights and powers on behalf of the corporation which he represents as that corporation could exercise as if it were an individual member of the Company holding the number and class of shares specified in such authorisation, ~~including the right to vote individually on a show of hands notwithstanding any contrary provision contained in Article 92.(1).~~ The number of persons a corporation may authorise to act as its corporate representative or representatives shall not exceed the number of shares held by that corporation (or its nominee), being shares in respect of which there is an entitlement to attend and vote at the relevant meeting. Any reference in these Articles to a duly authorised representative of a member being a corporation shall mean a representative authorised under the provisions of this Article.

Registered and Principal Office

Registered office

104. (a) The registered office of the Company shall be at such place in the Cayman Islands as the Board shall from time to time appoint.

Principal office

(b) The Board may from time to time determine that the Company shall, in accordance with the Mutual Funds Law, have a principal office and may designate its location in the Cayman Islands.

Board of Directors

Constitution

105. The number of Directors shall not be less than two.

**Board may fill
vacancies/appoint
additional
Directors**
App 3
r. 4(2)

106. (a) The Board shall have power from time to time and at any time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. ~~Any Director so appointed shall hold office only until the next annual general meeting of the Company and shall then be eligible for re-election at that meeting. but so that the total number of~~ Directors shall not exceed any maximum number fixed by or in accordance with these Articles.

(b) The continuing Directors or a sole continuing Director may act notwithstanding any vacancy in the Board but, if and so long as the number of Directors is reduced below any minimum number fixed by or in accordance with these Articles, the continuing Directors or Director, notwithstanding that the number of Directors is below the number fixed by or in accordance with these Articles as the quorum or that there is only one continuing Director, may act for the purpose of filling vacancies in the Board, summoning general meetings of the Company, preserving the assets of the Company (or their value) or discharging liabilities of the Company which have fallen due but not for any other purpose.

**Alternate
Directors**

107. (a) A Director may at any time by notice in writing delivered to the registered office of the Company or at a meeting of the Board, appoint any person (including another Director) to be his alternate Director in his place during his absence and may in like manner at any time determine such appointment. Such appointment, unless previously approved by the Board, shall have effect only upon and subject to being so approved, provided that the Board may not withhold approval of any such appointment where the proposed appointee is a Director.
- (b) The appointment of an alternate Director shall determine on the happening of any event which, were he a Director, would cause him to vacate such office or if his appointor ceases to be a Director.
- (c) An alternate Director shall (except when absent from Hong Kong), be entitled to receive and waive (in lieu of his appointor) notices of meetings of the Directors and shall be entitled to attend and vote as a Director and be counted in the quorum at any such meeting at which the Director appointing him is not personally present and generally at such meeting to perform all the functions of his appointor as a Director and for the purposes of the proceedings at such meeting the provisions of these Articles shall apply as if he (instead of his appointor) were a Director. If he shall be himself a Director or shall attend any such meeting as an alternate for more than one Director his voting rights shall be cumulative and he need not use all his votes or cast all the votes he uses in the same way. If his appointor is for the time being absent from Hong Kong or otherwise not available or unable to act (as to which a certificate by the alternate shall in the absence of actual notice to the contrary to other Directors be conclusive), his signature to any resolution in writing of the Directors shall be as effective

as the signature of his appointor. To such extent as the Board may from time to time determine in relation to any committee of the Board, the foregoing provisions of this paragraph shall also apply mutatis mutandis to any meeting of any such committee of which his appointor is a member. An alternate Director shall not, save as aforesaid, have power to act as a Director nor shall he be deemed to be a Director for the purposes of these Articles.

- (d) An alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified to the same extent mutatis mutandis as if he were a Director, but he shall not be entitled to receive from the Company in respect of his appointment as alternate Director any remuneration except only such part (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct.
- (e) In addition to the foregoing provisions of this Article, a Director may be represented at any meeting of the Board (or of any committee of the Board) by a proxy appointed by him, in which event the presence or vote of the proxy shall for all purposes be deemed to be that of the Director. A proxy need not himself be a Director and the provisions of Articles 97 to 102 shall apply mutatis mutandis to the appointment of proxies by Directors save that an instrument appointing a proxy shall not become invalid after the expiration of twelve months from its date of execution but shall remain valid for such period as the instrument shall provide or, if no such provision is made in the instrument, until revoked in writing and save also that a Director may appoint any number of proxies although only one such proxy may attend in his stead at meetings of the Board (or of any committee of the Board).

**Qualification of
Directors**

108. A Director need not hold any qualification shares. No Director shall be required to vacate office ~~or be ineligible for re-election or re-appointment as a Director~~ and no person shall be ineligible for appointment as a Director by reason only of his having attained any particular age.

**Directors'
remuneration**

109. (a) The Directors shall be entitled to receive by way of remuneration for their services, not exceeding in aggregate such sum as shall from time to time be determined by the Board ~~shareholders at a general meeting~~, such sum (unless otherwise directed by the resolution by which it is determined)

to be divided amongst the Directors in such proportions and in such manner as they may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

App 13
Part B
r. 5(4)

~~(b) Payment to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must first be approved by the Company in general meeting.~~

Directors’ expenses

110. The Directors shall be entitled to be paid all expenses, including hotel and travel expenses, reasonably incurred by them in or in connection with the performance of their duties as Directors including their expenses of travelling to and from Board meetings, committee meetings or general meetings or otherwise incurred whilst engaged on the business of the Company or in the discharge of their duties as Directors.

Special remuneration

111. The Board may grant special remuneration to any Director who shall perform any special or extra services at the request of the Company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by way of salary, commission or participation in profits or otherwise as may be agreed.

Remuneration of Managing Directors, etc.

112. The remuneration of an Executive Director (as appointed according to Article 115) or a Director appointed to any other office in the management of the Company shall from time to time be fixed by the Board and may be by way of salary, commission, or participation in profits or otherwise or by all or any of those modes and with such other benefits (including share option and/or pension and/or gratuity and/or other benefits on retirement) and allowances as the Board may from time to time decide. Such remuneration shall be in addition to such remuneration as the recipient may be entitled to receive as a Director.

**When office of
Director to be
vacated**

113. The office of a Director shall be vacated:
- (i) if he resigns his office by notice in writing to the Company at its registered office or its principal office in Hong Kong;
 - (ii) if an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Board resolves that his office be vacated;
 - (iii) if, without leave, he is absent from meetings of the Board (unless an alternate Director appointed by him attends in his place) for 12 consecutive months, and the Board resolves that his office be vacated;
 - (iv) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
 - (v) if he ceases to be or is prohibited from being a Director by law or by virtue of any provision in these Articles;
 - (vi) if he shall be removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) for the time being then in office; or
 - (vii) if he shall be removed from office by an ordinary resolution of the members of the Company under Article 132(a).
- App-13
Part B
r. 5(1)
- ~~(vii) if he shall be removed from office by a special resolution of the members of the Company under Article 132(a).~~

**Directors may
contract with
Company**
App-13
Part B
r. 5(3)

114. (a) (i) No Director or proposed Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company with any person, company or partnership of or in which any Director shall be a member or otherwise interested be capable on that account of being avoided, nor shall any Director so contracting or being any member or so interested be liable to account to the Company for any profit so realised by any such contract or arrangement by reason

~~only of such Director holding that office or the fiduciary relationship thereby established; provided that such Director shall, if his interest in such contract or arrangement is material, declare the nature of his interest at the earliest meeting of the Board at which it is practicable for him to do so, either specifically or by way of a general notice stating that, by reason of the facts specified in the notice, he. A Director (or his alternate Director in his absence) shall be at liberty to vote in respect of any contract or transaction in which he is interested provided that the nature of the interest of any Director or alternate Director in any such contract or transaction shall be disclosed by him at or prior to its consideration and any vote thereon. A general notice that a Director or alternate Director is a shareholder, director, officer or employee of any specified firm or company and is to be regarded as interested in any contracts of a specified description which may subsequently be made by the Company transaction with such firm or company shall be sufficient disclosure for the purposes of voting on a resolution in respect of a contract or transaction in which he has an interest, and after such general notice it shall not be necessary to give special notice relating to any particular transaction.~~

- (ii) Any Director may continue to be or become a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer or member of any other company in which the Company may be interested and (unless otherwise agreed between the Company and the Director) no such Director shall be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer or member of any such other company. The Directors may exercise the voting powers conferred by the shares in any other company held or owned by the Company, or exercisable by them as directors of such other company in such manner in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of them directors, managing directors, joint managing directors, deputy managing directors, executive directors, managers or other officers of such company) and any Director may vote in favour of the exercise of such voting rights

in manner aforesaid notwithstanding that he may be, or is about to be, appointed a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer of such a company, and that as such he is or may become interested in the exercise of such voting rights in the manner aforesaid.

(b) A Director may hold any other office or place of profit with the Company (except that of Auditor) in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profit or otherwise) as the Board may determine, and such extra remuneration shall be in addition to any remuneration provided for by or pursuant to any other Article.

~~Director may not
vote where he has
a material interest
App 3
r. 4(1)~~

~~(c) A Director shall not be entitled to vote on (nor shall be counted in the quorum in relation to) any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his associates is materially interested, but this prohibition shall not apply to any of the followings matters namely:~~

~~Director may vote
in respect of
certain matters
App 3
Note 1~~

~~(i) any contract or arrangement for the giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associates or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries; [Intentionally deleted]~~

~~(ii) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;~~

~~(iii) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;~~

- (iv) ~~any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company;~~
- (v) ~~any contract or arrangement concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder or in which the Director or his associate(s) is/are beneficially interested in shares of that company or in which the Director and his associates are not in aggregate beneficially interested in five (5) per cent. or more of the issued shares or of the voting rights of any class of shares of such company (or of any third company through which his interest or that of any of his associate(s) is derived); or~~
- (vi) ~~any proposal concerning the adoption, modification, or operation of a share option scheme, a pension fund or retirement, death or disability benefits scheme or other arrangement which relates both to directors, his associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates.~~

**Director may vote
on proposals not
concerning own
appointment**

(d) Where proposals are under consideration concerning the appointment (including fixing or varying the terms of or terminating the appointment) of two or more Directors to offices or employments with the Company ~~or any company in which the Company is interested~~, such proposals shall be divided and considered in relation to each Director separately and in such case each of the Directors concerned ~~(if not prohibited from voting under paragraph (c) of this Article)~~ shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment or the fixing or varying of the terms thereof.

(e) ~~A company shall be deemed to be a company in which a Director and/or his associate(s) own(s) five (5) per cent or more if and so long as (but only if and so long as) he and/or his associates (either directly or indirectly) is/are the holder(s) of or beneficially interested in five (5) per cent or more of any class of the equity share capital of such company or of the voting rights available to members of such company (or of any third company through which his interest or that of any of his associates is derived). For the purpose of this paragraph there shall be disregarded any shares held by a Director or his associate(s) as bare or custodian trustee and in which he or any of them has no beneficial interest, any shares comprised in a trust in which the interest of the Director and/or his associate(s) is/are in reversion or remainder if and so long as some other person is entitled to receive the income thereof, and any shares comprised in an authorised unit trust scheme in which the Director and/or his associate(s) is/are interested only as a unit holder and any shares which carry no voting right at general meetings and very restrictive dividend and return of capital right. *[Intentionally deleted]*~~

**Who to decide
whether a
Director may
vote**

(f) ~~Where a company in which a Director and/or his associate(s) hold(s) five (5) per cent or more is materially interested in a transaction, then that Director and/or his associate(s) shall also be deemed materially interested in such transaction. *[Intentionally deleted]*~~

(g) If any question shall arise at any meeting of the Board as to the materiality of ~~the interest of a Director (other than the Chairman of the meeting) or his associate(s)~~ a Director's interest or the significance of a contract, arrangement or transaction or proposed contract, arrangement or transaction or as to the entitlement of any Director ~~(other than such Chairman)~~ to vote or form part of a quorum and such question is not resolved by

~~his voluntarily agreeing to abstain from voting or not to be counted in the quorum, such question shall be referred to the Chairman of the meeting and his ruling in relation to such (or, where question relates to the interest of the Chairman, to the other Directors at the meeting) and his ruling (or, as appropriate, the ruling of the other Directors) in relation to any other Director (or, as appropriate, the Chairman) shall be final and conclusive except in a case where the nature or extent of the interest of the Director and/or his associate(s) interests of the Director concerned (or, as appropriate, the Chairman) as known to such Director (or, as appropriate, the Chairman) has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the Chairman of the meeting such question shall be decided by a resolution of the Board (for which purpose such Chairman shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such Chairman as known to such Chairman has not been fairly disclosed to the Board.~~

Managing Directors

- | | |
|--|---|
| Power to appoint Managing Directors, etc. | 115. The Board may from time to time appoint any one or more of its body to the office of Managing Director, Joint Managing Director, Deputy Managing Director, or other Executive Director and/or such other employment or executive office in the management of the business of the Company as it may decide for such period and upon such terms as it thinks fit and upon such terms as to remuneration as it may decide in accordance with Article 112. |
| Removal of Managing Director, etc. | 116. Every Director appointed to an office under Article 115 hereof shall, without prejudice to any claim for damages that such Director may have against the Company or the Company may have against such Director for any breach of any contract of service between him and the Company, be liable to be dismissed or removed therefrom by the Board. |
| Cessation of appointment | 117. A Director appointed to an office under Article 115 shall be subject to the same provisions as to removal as the other Directors of the Company, and he shall, without prejudice to any claim for damages that such Director may have against the Company or the Company may have against such Director for any breach of any contract of service between him and the Company, <i>ipso facto</i> and immediately cease to hold such office if he shall cease to hold the office of Director for any cause. |

Powers may be delegated

118. The Board may from time to time entrust to and confer upon a Managing Director, Joint Managing Director, Deputy Managing Director or Executive Director all or any of the powers of the Board that it may think fit. But the exercise of all powers by such Director shall be subject to such regulations and restrictions as the Board may from time to time make and impose, and the said powers may at any time be withdrawn, revoked or varied but no person dealing in good faith and without notice of such withdrawal, revocation or variation shall be affected thereby.

Management**General powers of Company vested in Board**

119. (a) Subject to any exercise by the Board of the powers conferred by Articles 120 to 128, the management of the business of the Company shall be vested in the Board which, in addition to the powers and authorities by these Articles expressly conferred upon it, may exercise all such powers and do all such acts and things as may be exercised or done or approved by the Company and are not hereby or by the Law expressly directed or required to be exercised or done by the Company in general meeting, but subject nevertheless to the provisions of the Law and of these Articles and to any regulation from time to time made by the Company in general meeting not being inconsistent with such provisions or these Articles, provided that no regulation so made shall invalidate any prior act of the Board which would have been valid if such regulation had not been made.
- (b) Without prejudice to the general powers conferred by these Articles, it is hereby expressly declared that the Board shall have the following powers:
- (i) to give to any person the right or option of requiring at a future date that an allotment shall be made to him of any share at par or at such premium as may be agreed; and
 - (ii) to give to any Directors, officers or employees of the Company an interest in any particular business or transaction or participation in the profits thereof or in the general profits of the Company either in addition to or in substitution for a salary or other remuneration;
 - (iii) to declare and sanction dividends;

(iv) to consider and adopt the accounts and balance sheets and the reports of the Directors and the Auditors and other documents required to be annexed to the balance sheet;

(v) to elect Directors;

(vi) to appoint Auditors; and

(vii) to fix, or to determine the method of fixing of, the remuneration of the Auditors.

(c) *[Intentionally deleted]*

App 13
Part B
r. 5(2)

(e) ~~Except as would, if the Company were a company incorporated in Hong Kong, be permitted by Section 157H of the Companies Ordinance as in force at the date of adoption of these Articles, and except as permitted under the Companies Law, the Company shall not directly or indirectly:~~

(i) ~~make a loan to a Director or his Associates (as defined in Article 114(f)) or a director of any holding company of the Company;~~

(ii) ~~enter into any guarantee or provide any security in connection with a loan made by any person to a Director or such a director; or~~

(iii) ~~if any one or more of the Directors hold (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.~~

Investment Manager

Appointment and remuneration of Investment Manager

120. The Board may appoint as Investment Manager any person and may entrust to and confer upon the Investment Manager so appointed any of the duties, powers and discretions exercisable by or vested in the Board (other than the power to make calls or forfeit shares) upon such terms and conditions and for such period and with such restrictions as the Board thinks fit and whether collaterally with or to the exclusion of the Board's own powers. ~~The appointment of the Investment Manager shall be for an initial term of three years from~~

~~the Closing Date. The initial term may, at the discretion of the Board, be extended for a further term of two years. Any further extension of the term of the Investment Manager's appointment shall be determined by the Board on a bi-annual basis and, where such extension is approved by the Board, shall be for a further term of two years. In the event of the termination for whatever reason of the appointment of any Investment Manager so appointed the Board shall as soon as is practicable thereafter take all such steps as are reasonable to secure the appointment of some other person as the Investment Manager in the same manner as is provided in the immediately preceding sentence. The remuneration of the Investment Manager shall be paid and accrue at such rate, at such time or times and in such manner as the Board may from time to time agree with the Investment Manager.~~

121. Subject to the terms of any agreement between the Company and the Investment Manager and to the terms of these Articles, the Investment Manager may appoint any persons, firms or corporations approved by the Board to act as investment advisers to the Investment Manager in relation to the monies and assets of the Company, and whose remuneration shall be payable by and borne by the Investment Manager.
122. Subject to the terms of any agreement between the Company and the Investment Manager, the Investment Manager shall be entitled to hold and deal for its own account in shares of the Company PROVIDED THAT the expenses (including stamp duty) of any sale or purchase of shares by the Investment Manager shall be payable by and borne by the Investment Manager.

Custodian and Administrator

Appointment and remuneration of Custodian [D5]

123. The Board shall appoint a Custodian who or whose nominee shall hold the assets of the Company and in whose name or in the name of whose nominee the same shall be registered in the case of registered ~~securities~~Securities and who shall perform such other duties upon such terms as the Board may from time to time (with the agreement of the Custodian) determine. The remuneration of the Custodian shall be paid and accrue at such rate, at such time or times and in such manner as the Board may from time to time agree with the Custodian.
124. All moneys, bills and notes belonging to the Company shall be paid to or to the order of or deposited with or to the order of the Custodian or its nominee to an account or accounts to be opened in the name of the Company.

125. In the event of the Custodian desiring to retire, the Board shall use its best endeavours to find a corporation having the said qualifications to act as replacement Custodian and upon doing so the Board shall appoint such corporation to be custodian in place of the retiring Custodian. The Board shall not remove the Custodian unless and until a successor corporation shall have been appointed in accordance with these Articles to act in the place thereof with the prior approval of the SFC. The retirement of the Custodian shall take effect at the same time as the successor corporation takes up office as the Custodian.

126. The powers of the Board under these Articles shall include a power to appoint two or more joint Custodians.

126A. Subject to the terms of any agreement between the Company and the Custodian and to the terms of these Articles, the Custodian may appoint any persons, firms or corporations approved by the Board to act as sub-custodians.

Appointment and remuneration of Administrator

126B. The Board may appoint as Administrator any person and may contract with such person to provide administrative and support services to the Company, to receive applications for and requests for redemption of shares and to act as registrar and transfer agent. The remuneration of the Administrator shall be paid and accrue at such rate, at such time or times and in such manner as the Board may from time to time agree with the Administrator. Subject to the terms of any agreement between the Company and the Administrator and to the terms of these Articles, the Administrator may appoint any persons, firms or corporations approved by the Board to act as delegates of the Administrator.

Investment Objective, Approach and Restrictions

Investment Objective and Approach
21.04(5)

127. The Board may from time to time and at its discretion determine the investment objective and approach of the Company subject, for so long as the Company is authorised by the SFC pursuant to Section 104 of the SFO, to compliance with the Code. Notwithstanding the generality of the foregoing the investment objective and approach of the Company as set out in the ~~Listing Document~~Explanatory Memorandum shall remain in force ~~for a minimum period of five years from the date of the Listing Document unless the shareholders by ordinary resolution resolve otherwise.~~

**Investment
Restrictions**
[D7]

21.04(3)(a)
21.04(3)(b)
21.04(5)

128. (Aa) The Board may from time to time adopt investment restrictions, within which the investments of the Company must be managed (“Investment Restrictions”). The Investment Restrictions shall be communicated to, and shall form part of the agreement between the Company and the Investment Manager.

(Bb) Investment Restrictions may be varied from time to time by the Board, but only with such approval as may be required pursuant to the agreement between the Company and the Investment Manager, the Code and the rules and regulations of ~~the Exchange or any other~~ stock exchange on which shares are listed. ~~Notwithstanding the foregoing, the Investment Restrictions set out in the Listing Document (except for those which are required pursuant to the Listing Rules to remain in force for so long as the shares remain listed on the Exchange) shall remain in force for a period of five years from the date of the Listing Document and may only be amended during such five year period with the sanction of an ordinary resolution of shareholders.~~

(Cc) The Board shall not be required immediately to reduce the relevant holding if any of the limits set out in the Investment Restrictions is exceeded by reason of the appreciation or diminution in value of any assets, the receipt of any rights or benefits, amalgamations or reconstructions or payments out of the assets of the Company PROVIDED HOWEVER THAT the Board shall, within a reasonable period of time, take all such steps as are necessary to remedy the situation, after taking due account of the interests of shareholders generally.

128.A The investments of the Company shall be managed within the following Investment Restrictions unless the Board shall otherwise determine:

(a) not more than 10 per cent. of the Company’s latest available Net Asset Value may be invested in Securities (other than Government and other public Securities) issued by any single issuer;

(b) the Company may not hold more than 10 per cent. of any ordinary shares issued by any single issuer;

(c) not more than 15 per cent. of the Company’s latest available Net Asset Value may be invested in Securities which are neither listed nor quoted on a stock exchange, over-the-counter market or other organized securities market which is open to the international public and on which such Securities are regularly traded;

- (d) not more than 30 per cent. of the Company's latest available Net Asset Value may be invested in Government and other public Securities of a single issue (save that the Company may invest all of its assets in Government and other public Securities in at least six different issues);
- (e) not more than 20 per cent. of the Company's latest available Net Asset Value may be invested in (i) commodities (including physical commodities, forward and futures contracts in respect of commodities, options on commodities, options on futures contracts in respect of commodities, and other commodity-based investments and excluding, for this purpose, Securities of companies engaged in the production, processing or trading of commodities) and (ii) futures contracts on an unhedged basis (by reference to the net aggregate value of contract prices, whether payable to or by the Company);
- (f) the value of the Company's total holding of warrants and options in terms of the total amount of premium paid (other than for hedging purposes) may not exceed 15 per cent. of its latest available Net Asset Value;
- (g) the value of the Company's total holding of units or shares in other collective investment schemes may not exceed 10 per cent. of its latest available Net Asset Value. In addition, the objective of the underlying collective investment scheme may not be to invest primarily in any investment prohibited by the other investment restrictions, and where that underlying collective investment scheme's objective is to invest primarily in investments restricted by the other investment restrictions, such holdings may not be in contravention of the relevant limitation;
- (h) the Company may not invest in a unit trust, mutual fund corporation or other collective investment scheme which is managed by the Investment Manager or any of its Connected Persons which would result in an increase in the overall total of initial charges, Investment Manager's annual fee, or any other costs and charges payable to the Investment Manager or any of its Connected Persons borne by the shareholders or by the Company;

- (i) in addition, the Investment Manager shall not on behalf of the Company:
- (i) invest in a Security of any class in any company or body if directors and officers of the Investment Manager individually own more than 0.5 per cent. of the total nominal amount of all the issued Securities of that class or collectively own more than 5 per cent. of those Securities;
 - (ii) invest in any type of real estate (including buildings) or interests in real estate (including options or rights but excluding shares/interests or derivative interests thereon in real estate companies and SFC authorised/permitted real estate investment trusts (REITs);
 - (iii) make short sales if as a consequence the liability of the Company to deliver Securities would exceed 10 per cent. of its latest available Net Asset Value (and for this purpose Securities sold short must be actively traded on a market where short selling is permitted);
 - (iv) grant options over or in respect of any Security except, in the case of call options, where the option is covered by Securities and, in the case of put options, where the option is covered by cash or near cash in each case held by the Company throughout the period from the grant of the option to the exercise of the option;
 - (v) grant call options over investments held by the Company the total value of which, in terms of the prices at which all such options may be exercised, exceeds 25 per cent. of its latest available Net Asset Value;
 - (vi) make a loan out of the Company without the prior written consent of both the Custodian and the Board except to the extent that the acquisition of an investment or the making of a deposit might constitute a loan;
 - (vii) assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person in respect of borrowed money without the prior written consent of the both the Custodian and Board;

- (viii) acquire any asset for the Company which involves the assumption of any liability which is unlimited; or
- (ix) apply any part of the Company in the acquisition of any investments which are for the time being nil paid or partly paid in respect of which a call is due to be made unless such call could be met in full out of cash or near cash forming part of the Company which has not been appropriated and set aside for any other purposes and shall not be entitled without the consent of the Investment Manager or the Board to apply any part of the Company in the acquisition of any other investment which is in the opinion of the Investment Manager or the Board likely to involve the Company in any liability (contingent or otherwise).

128.B The Company may, at the request of the Investment Manager, engage in security lending, in respect of any Securities through the agency of or directly with any person including the Investment Manager or the Custodian or any Connected Person of either of them, and such person shall be entitled to retain for its own use and benefit any fee it receives on a commercial basis in connection with such arrangement provided always that:

- (A) any security lending agreement is entered into only if (1) the relevant Securities lent are fully paid-up Securities listed or quoted on a Market; (2) the amount of the consideration (including the value of any collateral security) given for the relevant Securities exceeds the value of such Securities at any one time based on daily marked to market values; (3) the counterparts' financial standings, either based on reputable credit rating agencies, or, in the reasonable opinion of the Investment Manager, are equivalent to at least A2/P2; and (4) the Company is entitled at any time to terminate the agreement and demand the immediate return of all Securities lent;
- (B) any security lending agreement is entered into only if collateral in such amount and in such form as prescribed by the Investment Manager from time to time has been provided. Unless otherwise determined by the Investment Manager, collateral for Securities lent may take the form of government stock, government treasury bills, banker's acceptances, certificates of deposit, bonds, equities, letters of credit or cash collateral;

(C) the Value of the Securities to be loaned, together with the Value of all other Securities which are the subject of a loan by the Company does not exceed 10 per cent. of the latest available Net Asset Value of the Company; and

(D) no more than 50 per cent. of Securities of the same issue, or of the same kind (by Value), held in respect of the Company is the subject of security lending agreements at any one time.

Any incremental income earned from any security lending agreement may be split between the Company and any security lending agent in such proportion as the Investment Manager may determine in each case, provided that the amount payable to any security lending agent should not exceed 30 per cent. of such incremental income.

The amount of any securities lending fee arising from transactions with the Investment Manager or the Custodian or any Connected Person of either of them (if any) will be disclosed in the Company's annual report.

Appointment and Removal of Directors by Members

Power of general meeting to increase or reduce the number of Directors 129. The Company may from time to time in general meeting by ordinary resolution increase or reduce the number of Directors but so that the number of Directors shall not be less than two. Subject to the provisions of these Articles and the Law, the Company may by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors. ~~Any Director so appointed shall hold office only until the next annual general meeting of the Company and shall then be eligible for re-election.~~

Notice to be given when person proposed for election
App-3
r. 4(4)
r. 4(5)

130. ~~(1) Notwithstanding any other provisions in the Articles, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as~~

~~between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. Any Director appointed pursuant to Article 106 or Article 129 shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.~~

~~*[Intentionally deleted]*~~

~~(2) No person other than a Director retiring at the meeting shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting unless a notice in writing of the intention to propose such person for election as a Director, signed by a member (other than the person to be proposed for election as a Director) duly qualified to attend and vote at the meeting for which such notice is given, and a notice in writing signed by such person of his willingness to be elected shall have been lodged at the head office or given to the Secretary. The minimum length of the period during which such notices are given shall be at least seven (7) days and the period for lodgement of such notices shall commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.~~

Register of Directors and notification of changes to Registrar

131. The Company shall keep at its office a register of directors and officers containing their names and addresses and occupations and any other particulars required by the Law and shall send to the Registrar of Companies of the Cayman Islands a copy of such register and shall from time to time notify to the Registrar of Companies of the Cayman Islands any change that takes place in relation to such Directors as required by the Law.

Power to remove Director by special~~ordinary~~ resolution

~~App 13
Part B
r. 5(1)
App 3
r. 4(3)~~

132. (a) ~~The Company may by special~~ at any time convene a meeting in accordance with the provisions of Article 79 and by ordinary resolution at any time remove any Director (including a Managing Director or other executive Director) if such Director is considered no longer fit and proper to discharge his duties, but without prejudice to any claim for damages under any contract, before the expiration of his period of office notwithstanding anything in these Articles or in any agreement between the Company and such Director and may by ordinary resolution elect another person in his stead. ~~Any person so elected shall hold office during such time only as the Director in whose place he is elected would have held the same if he had not been removed.~~

App-3
r. 4(3)

- (b) Nothing in this Article should be taken as depriving a Director removed under any provisions of this Article of compensation or damages payable to him in respect of the termination of his appointment as Director or of any other appointment or office as a result of the termination of his appointment as Director or as derogatory from any power to remove a Director which may exist apart from the ~~provision~~provisions of this Article.

Proceedings of the Board

**Meetings of
Directors/
Quorum etc.**

133. The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit in any part of the world and may determine the quorum necessary for the transaction of business. Unless otherwise determined two Directors shall be a quorum. For the purposes of this Article an alternate Director shall be counted in a quorum in place of the Director who appointed him and an alternate Director who is an alternate for more than one Director shall for quorum purposes be counted separately in respect of himself (if he is a Director) and in respect of each Director for whom he is an alternate (but so that nothing in this provision shall be construed as authorising a meeting to be constituted when only one person is physically present). A meeting of the Board or any committee of the Board may be held by means of a telephone or tele=conferencing or any other telecommunications facility provided that all participants are thereby able to communicate contemporaneously by voice with all other participants and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting.

**Convening of
board meeting**

134. A Director may, and on request of a Director the Secretary shall, at any time summon a meeting of the Board. Notice thereof shall be given to each Director either in writing or by telephone or by facsimile, ~~telex or telegram~~ at the address or telephone; or facsimile or telex number from time to time notified to the Company by such Director or in such other manner as the Board may from time to time determine ~~provided that notice need not be given to any Director or alternate Director for the time being absent from Hong Kong. A Director may waive notice of any meeting either prospectively or retrospectively.~~

**How questions to
be decided**

135. Subject to Article 114, questions arising at any meeting of the Board shall be decided by a majority of votes, and in case of an equality of votes the Chairman shall have a second or casting vote.

- Chairman** 136. The Board may elect a Chairman of its meetings and determine the period for which he is to hold office; but if no such Chairman is elected, or if at any meeting the Chairman is not present within 15 minutes after the time appointed for holding the same, the Directors present may choose one of their number to be Chairman of the meeting.
- Power of meeting** 137. A meeting of the Board for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under these Articles for the time being vested in or exercisable by the Board generally.
- Power to appoint committee and to delegate** 138. The Board may delegate any of its powers to committees consisting of such person or persons (whether a member or members of the Board or not (including alternate Directors in the absence of their appointers)) as the Board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed upon it by the Board.
- Acts of committee to be of same effect as act of Directors** 139. All acts done by any such committee in conformity with such regulations and in fulfilment of the purposes for which it is appointed, but not otherwise, shall have the like force and effect as if done by the Board, and the Board shall have power, with the consent of the Company in general meeting, to remunerate the members of any such committee, and charge such remuneration to the current expenses of the Company.
- Proceedings of committee** 140. (a) The meetings and proceedings of any such committee consisting of two or more members of the Board shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board so far as the same are applicable thereto and are not replaced by any regulations imposed by the Board pursuant to Article 138.
- Minutes of proceedings of meetings and Directors** (b) The Board shall cause minutes to be made of:
- (i) all appointments of officers made by the Board;
 - (ii) the names of the Directors present at each meeting of the Board and of committees appointed pursuant to Article 138;

- (iii) all declarations made or notices given by any Director of his interest in any contract or proposed contract or of his holding of any office or property whereby any conflict of duty or interest may arise; and
- (iv) all resolutions and proceedings at all meetings of the Company and of the Board and of such committees.

Any such minutes shall be conclusive evidence of any such proceedings if they purport to be signed by the chairman of the meeting or by the chairman of the succeeding meeting.

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| When acts of Directors or committee to be valid notwithstanding defects | 141. All acts <i>bona fide</i> done by any meeting of the Board or by a committee of Directors or by any person acting as Director shall, notwithstanding that it shall be afterwards discovered that there was some defect in the appointment of such Director or persons acting as aforesaid or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director or member of such committee as the case may be. |
| Directors' powers when vacancies exist | 142. The continuing Directors may act notwithstanding any vacancy in their body, but, if and so long as their number is reduced below the number fixed by or pursuant to these Articles as the necessary quorum of Directors, the continuing Director or Directors may act for the purpose of increasing the number of Directors to that number or of summoning a general meeting of the Company but for no other purpose. |
| Directors' resolutions | 143. A resolution in writing signed by each and every one of the Directors (or their respective alternates pursuant to Article 107(c)) shall be as valid and effectual as if it had been passed at a meeting of the Board duly convened and held and may consist of several documents in like form each signed by one or more of the Directors or alternate Directors. |

Secretary

- | | |
|---------------------------------|--|
| Appointment of Secretary | 144. The Board may appoint a Secretary shall be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit, and any Secretary so appointed may be removed by the Board. Anything by the Law or these Articles required or authorised to be done by or to the Secretary, if the office is vacant or there is for any other reason no Secretary capable of acting, may be done by or to any assistant or deputy Secretary appointed by the Board, or if there is no assistant or deputy Secretary capable of acting, by or to any officer of the Company authorised generally or specifically in that behalf by the Board. |
|---------------------------------|--|

- Same person not to act in two capacities at once** 145. A provision of the Law or of these Articles requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as or in place of the Secretary.

General Management and Use of the Seal

- Custody and use of seal** 146. The Board shall provide for the safe custody of the seal which shall only be used by the authority of the Board or of a committee of the Board authorised by the Board in that behalf, and every instrument to which such seal shall be affixed shall be signed by a Director and shall be countersigned by the Secretary or by a second Director or by some other person appointed by the Board for the purpose. ~~The securities seal which shall be a facsimile of the common seal with the word "Securities" engraved thereon shall be used exclusively for sealing securities issued by the Company and for sealing documents creating or evidencing securities so issued. The Board may either generally or in any particular case resolve that the securities seal or any signatures or any of them may be affixed to certificates for shares, warrants, debentures or any other form of security by facsimile or other mechanical means specified in such authority or that any such certificates sealed with the securities seal need not be signed by any person.~~ Every instrument to which the seal is affixed as aforesaid shall, as regards all persons dealing in good faith with the Company, be deemed to have been affixed to that instrument with the authority of the Directors previously given.
- Duplicate seal** 147. The Company may have a duplicate seal as and where the Board shall determine, and the Company may by writing under the seal appoint any agents or agent, committees or committee abroad to be the agents of the Company for the purpose of affixing and using such duplicate seal and they may impose such restrictions on the use thereof as may be thought fit. Wherever in these Articles reference is made to the seal, the reference shall, when and so far as may be applicable, be deemed to include any such duplicate seal as aforesaid.
- Cheques and banking arrangements** 148. All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments, and all receipts for moneys paid to the Company shall be signed, drawn, accepted, indorsed or otherwise executed, as the case may be, in such manner as the Board shall from time to time by resolution determine. The Company's banking accounts shall be kept with such banker or bankers as the Board shall from time to time determine.

- Power to appoint attorney** 149. (a) The Board may from time to time and at any time, by power of attorney under the seal, appoint any company, firm or person or any fluctuating body of persons, whether nominated directly or indirectly by the Board, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these Articles) and for such period and subject to such conditions as it may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board may think fit, and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions vested in him.
- Execution of deeds by attorney** (b) The Company may, by writing under its seal, empower any person, either generally or in respect of any specified matter, as its attorney to execute deeds and instruments on its behalf in any part of the world and to enter into contracts and sign the same on its behalf and every deed signed by such attorney on behalf of the Company and under his seal shall bind the Company and have the same effect as if it were under the seal of the Company.
- Regional or local boards** 150. The Board may establish any committees, regional or local boards or agencies for managing any of the affairs of the Company, either in the Cayman Islands, Hong Kong, the People's Republic of China or elsewhere, and may appoint any persons to be members of such committees, regional or local boards or agencies and may fix their remuneration, and may delegate to any committee, regional or local board or agent any of the powers, authorities and discretions vested in the Board (other than its powers to make calls and forfeit shares), with power to sub-delegate, and may authorise the members of any local board or any of them to fill any vacancies therein and to act notwithstanding vacancies, and any such appointment or delegation may be upon such terms and subject to such conditions as the Board may think fit, and the Board may remove any person so appointed and may annul or vary any such delegation, but no person dealing in good faith and without notice of any such annulment or variation shall be affected thereby.

**Power to
establish
pension funds
and employee
share option
schemes**

151. ~~The Board may establish and maintain or procure the establishment and maintenance of any contributory or non-contributory pension or provident or superannuation funds or (with the sanction of an ordinary resolution) employee or executive share option schemes for the benefit of, or give or procure the giving of donations, gratuities, pensions, allowances or emoluments to any persons who are or were at any time in the employment or service of the Company, or of any company which is a subsidiary of the Company, or is allied or associated with the Company or with any such subsidiary company, or who are or were at any time directors or officers of the Company or of any such other company as aforesaid, and holding or who have held any salaried employment or office in the Company or such other company, and the wives, widows, families and dependents of any such persons. The Board may also establish and subsidise or subscribe to any institutions, associations, clubs or funds calculated to be for the benefit of or to advance the interests and well-being of the Company or of any such other company as aforesaid, and may make payments for or towards the insurance of any such persons as aforesaid, and subscribe or guarantee money for charitable or benevolent objects or for any exhibition or for any public, general or useful object. The Board may do any of the matters aforesaid, either alone or in conjunction with any such other company as aforesaid. Any Director holding any such employment or office shall be entitled to participate in and retain for his own benefit any such donation, gratuity, pension, allowance or emolument.~~ *[Intentionally deleted].*

Capitalisation of Reserves

**Power to
capitalise**

152. ~~The Company in general meeting may upon the recommendation of the Board by ordinary resolution~~ Board may at any time and from time to time resolve that it is desirable to capitalise all or any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or funds or to the credit of the profit and loss account or otherwise available for distribution (and not required for the payment or provision of dividend on any shares with a preferential right to dividend) and accordingly that such sums be set free for distribution amongst the members who would have been entitled thereto if distributed by way of dividend and in the same proportion on condition that the same be not paid in cash but be applied either in or towards paying up any amounts for the time being unpaid on any shares held by such members respectively or paying up in full unissued shares, debentures or other securities of the Company to be allotted and distributed credited as fully paid up to and amongst such members in proportion aforesaid or partly in one way and partly in the other, and the Board shall give effect to such resolution, provided that a share premium account and a capital

redemption reserve and any reserve or fund representing unrealised profits may, for the purposes of this Article, only be applied in paying up unissued shares to be issued to members of the Company as fully paid up shares or paying up calls or instalments due or payable on partly paid securities of the Company subject always to the provisions of the Law.

**Effect of
resolution to
capitalise**

153. (a) Wherever such a resolution as referred to in Article 152 shall have been passed the Board shall make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid up shares, debentures or other securities, if any, and generally shall do all acts and things required to give effect ~~theretoto~~ such capitalization, with full power to the Board:
- (i) ~~to make such provision by the issue of fractional certificates or by payment in cash or otherwise to make such provisions as they think fit for the case of shares becoming distributable in fractions (including provisions whereby, in whole or in part, fractional entitlements are aggregated and sold and the net proceeds distributed to those entitled, or are disregarded or rounded up or down or whereby the benefit of fractional entitlements accrues~~ accrue to the Company rather than to the members concerned) ~~as they think fit in cases where shares, debentures or other securities become distributable in fractions;~~
 - (ii) ~~to exclude the right of participation or entitlement of any member with a registered address outside any territory where in the absence of a registration statement or other special or onerous formalities the circulation of an offer of such right or entitlement would or might be unlawful or where the Board consider the costs, expense or possible delays in ascertaining the existence or extent of the legal and other requirements applicable to such offer or the acceptance of such offer out of proportion to the benefits of the Company; and~~
 - (iii) ~~to.~~ The Board may authorise any person to enter ~~on behalf of all members entitled thereto~~ into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares, debentures or other securities to which they may be entitled upon such capitalisation, or, as the case may require, for the payment up by the

~~Company on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalised, of the amounts or any part of the amounts remaining unpaid on their existing shares, on behalf of all of the interested members, providing for such capitalization and matters incidental thereto and any agreement made under such authority shall be effective and binding on all such members concerned.~~

- (b) ~~The Board may, in relation to any capitalisation sanctioned under this Article in its absolute discretion specify that, and in such circumstances and if directed so to do by a member or members entitled to an allotment and distribution credited as fully paid up of unissued shares or debentures in the Company pursuant to such capitalisation, shall allot and distribute credited as fully paid up the unissued shares, debentures or other securities to which that member is entitled to such person or persons as that member may nominate by notice in writing to the Company, such notice to be received not later than the day for which the general meeting of the Company to sanction the capitalisation is convened.~~

Dividends and Reserves

**Power to declare
dividends [D13]**

154. (a) Subject to the Law and these Articles, the ~~Company in general meeting~~ Board may, in their absolute discretion, declare and authorise payment of dividends in any currency ~~but no dividends shall exceed the amount recommended by the Board~~ out of the funds of the Company lawfully available thereof.
- (b) The dividends, interest and bonuses and any other benefits and advantages in the nature of income receivable in respect of the Company's investments, and any commissions, trusteeship, agency, transfer and other fees and current receipts of the Company shall, subject to the payment thereof of the expenses of management, interest upon borrowed money and other expenses which in the opinion of the Board are of a revenue nature, constitute the profits of the Company available for distribution.

- Board's power to pay interim dividends [D13]**
155. (a) The Board may from time to time pay to the members such interim dividends as appear to the Board to be justified by the profits of the Company and, in particular (but without prejudice to the generality of the foregoing), if at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends in respect of those shares in the capital of the Company which confer on the holders thereof deferred or non-preferential rights as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividend and provided that the Board acts *bona fide*, the Board shall not incur any responsibility to the holders of shares conferring any preferential rights.
- (b) The Board may also pay half-yearly or at other intervals to be selected by it, any dividend which may be payable at a fixed rate if the Board is of the opinion that the profits available for distribution justify the payment.
- Powers of Directors to declare and pay special dividends**
- (c) The Board may in addition from time to time declare and pay special dividends on shares of any class of such amounts and on such dates as they think fit, and the provisions of paragraph (a) of this Article as regards the powers and the exemption from liability of the Board as relate to declaration and payment of interim dividends shall apply, *mutatis mutandis*, to the declaration and payment of any such special dividends.
- Dividends not to be paid out of capital**
156. No dividend shall be declared or paid other than out of profits and reserves of the Company lawfully available for distribution, including share premium or as otherwise permitted by the Law. No dividend shall carry interest against the Company.
- Scrip dividends**
- ~~157. (a) Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the Board may further resolve:~~
- (i) ~~that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment. In such case, the following provisions shall apply:~~
- ~~(aa) the basis of any such allotment shall be determined by the Board;~~

- ~~(bb) the Board, after determining the basis of allotment, shall give not less than two weeks' notice in writing to the shareholders of the right of election accorded to them and shall send with such notice forms of election and specify the procedure to be followed and the place at which and the latest date and time by which duly completed forms of election must be lodged in order to be effective;~~
- ~~(cc) the right of election may be exercised in respect of the whole or part of that portion of the dividend in respect of which the right of election has been accorded; and~~
- ~~(dd) the dividend (or that part of the dividend to be satisfied by the allotment of shares as aforesaid) shall not be payable in cash on shares in respect whereof the cash election has not been duly exercised ("the non-elected shares") and in satisfaction thereof shares shall be allotted credited as fully paid to the holders of the non-elected shares on the basis of allotment determined as aforesaid and for such purpose the Board shall capitalise and apply out of any part of the undivided profits of the Company or any part of any of the Company's reserve accounts (including any special account, share premium account and capital redemption reserve (if there be any such reserve)) or profit or loss account or amounts otherwise available for distribution as the Board may determine, a sum equal to the aggregate nominal amount of the shares to be allotted on such basis and apply the same in paying up in full the appropriate number of shares for allotment and distribution to and amongst the holders of the non-elected shares on such basis;~~

~~or~~

**As to scrip
election**

- ~~(ii) that shareholders entitled to such dividend shall be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit. In such case, the following provisions shall apply: 157. *[Intentionally deleted]*.~~

- ~~(aa) the basis of any such allotment shall be determined by the Board;~~
 - ~~(bb) the Board, after determining the basis of allotment, shall give not less than two weeks' notice in writing to shareholders of the right of election accorded to them and shall send with such notice forms of election and specify the procedure to be followed and the place at which and the latest date and time by which duly completed forms of election must be lodged in order to be effective;~~
 - ~~(cc) the right of election may be exercised in respect of the whole or part of that portion of the dividend in respect of which the right of election has been accorded; and~~
 - ~~(dd) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable on shares in respect whereof the share election has been duly exercised ("the elected shares") and in lieu thereof shares shall be allotted credited as fully paid to the holders of the elected shares on the basis of allotment determined as aforesaid and for such purpose the Board shall capitalise and apply out of any part of the undivided profits of the Company's reserve accounts (including any special account, share premium account and capital redemption reserve (if there be any such reserve)) or profit and loss account or amounts otherwise available for distribution as the Board may determine, a sum equal to the aggregate nominal amount of the shares to be allotted on such basis and apply the same in paying up in full the appropriate number of shares for allotment and distribution to and amongst the holders of the elected shares on such basis.~~
- (b) The shares allotted pursuant to the provisions of paragraph (a) of this Article shall be of the same class as the class of, and shall rank *pari passu* in all respects with the shares then held by the respective allottees save only as regards participation:

- ~~(i) in the relevant dividend (or share or cash election in lieu thereof as aforesaid); or~~
- ~~(ii) in any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneously with the payment or declaration of the relevant dividend, unless contemporaneously with the announcement by the Board of its proposal to apply the provisions of paragraph (i) or (ii) of paragraph (a) in relation to the relevant dividend or contemporaneously with its announcement of the distribution, bonus or rights in question, the Board shall specify that the shares to be allotted pursuant to the provisions of paragraph (a) of this Article shall rank for participation in such distributions, bonuses or rights.~~
- ~~(c) The Board may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to the provisions of paragraph (a) with full power to the Board to make such provisions as it thinks fit in the case of shares becoming distributable in fractions (including provisions whereby, in whole or in part, fractional entitlements are aggregated and sold and the net proceeds distributed to those entitled, or are disregarded or rounded up or down or whereby the benefit of fractional entitlements accrues to the Company rather than to the members concerned). The Board may authorise any person to enter into on behalf of all members interested, an agreement with the Company providing for such capitalisation and matters incidental thereto and any agreement made pursuant to such authority shall be effective and binding on all concerned.~~
- ~~(d) The Company may upon the recommendation of the Board by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the provisions of paragraph (a) a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.~~
- ~~(e) The Board may on any occasion determine that rights of election and the allotment of shares under paragraph (a) shall not be made available or made to any shareholders with registered addresses in any territory where in the absence of a registration statement or other special formalities the circulation of an offer of such rights of election or the allotment of shares~~

~~would or might be unlawful, or where the Board considers the costs, expenses or possible delays in ascertaining the existence or extent of the legal and other requirements applicable to such offer or the acceptance of such offer out of proportion to the benefit of the Company, and in any such case the provisions aforesaid shall be read and construed subject to such determination.~~

**Share Premium
and Reserves**

158. (a) The Board shall establish an account to be called the share premium account and shall carry to the credit of such account from time to time a sum equal to the amount or value of the premium paid on the issue of any share in the Company. The Company may apply the share premium account in any manner permitted by the Companies Law. The Company shall at all times comply with the provisions of the Companies Law in relation to the share premium account.

(b) The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for meeting claims on or liabilities of the Company or contingencies or for paying off any loan capital or for equalising dividends or for any other purpose to which the profits of the Company may be properly applied, and pending such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments ~~(including shares, warrants and other securities of the Company)~~ as the Board may from time to time think fit, and so that it shall not be necessary to keep any reserves separate or distinct from any other investments of the Company. The Board may also without placing the same to reserve carry forward any profits which it may think prudent not to distribute by way of dividend.

**Dividends to be
paid in
proportion
to paid up
capital**

159. Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid *pro rata* according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. For the purposes of this Article no amount paid up on a share in advance of calls shall be treated as paid up on the share.

- Retention of dividends, etc.** 160. (a) The Board may retain any dividends or other monies payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.
- (b) The Board may retain any dividends or other monies payable upon shares in respect of which any person is, under the provisions as to the transmission of shares hereinbefore contained, entitled to become a member, or in respect of which any person is under those provisions entitled to transfer, until such person shall become a member in respect of such shares or shall transfer the same.
- Deduction of debts** (c) The Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.
- Dividend and call together** 161. ~~Any general meeting sanctioning a dividend may make a call on the members of such amount as the meeting resolves, but so that the call on each member shall not exceed the dividend payable to him, and so that the call be made payable at the same time as the dividend, and the dividend may, if so arranged between the Company and the member, be set off against the call~~ *[Intentionally deleted]*.
- Dividend in specie** 162. The Board ~~may, with~~ subject to the sanction ~~expressed prior consent~~ of the ~~members in general meeting, may~~ relevant shareholder, direct that any dividend be satisfied wholly or in part by the distribution of specific assets of any kind and in particular of paid up shares, debentures or ~~warrants to subscribe~~ securities of any other company, or in any one or more of such ways, and where any difficulty arises in regard to the distribution the Board may settle the same as it thinks expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets, or any part thereof, and may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Board and may appoint any person to sign any requisite instruments of transfer and other documents on behalf of the persons entitled to the dividend and such appointment shall be effective. Where required, a contract shall be filed in accordance with the provisions of the Law and the Board may appoint any person to sign such contract on behalf of the persons entitled to the dividend and such appointment shall be effective.

- Effect of transfer** 163. (a) A transfer of shares shall not pass therewith the right to any dividend or bonus declared thereon before the registration of the transfer.
- (b) Any Board resolution declaring or resolving upon the payment of a dividend or other distribution on shares of any class; ~~whether a resolution of the Company in general meeting or a resolution of the Board,~~ may specify that the same shall be payable or made to the persons registered as the holders of such shares at the close of business on a particular date, notwithstanding that it may be a date prior to that on which the resolution is passed, and thereupon the dividend or other distribution shall be payable or made to them in accordance with their respective holdings so registered, but without prejudice to the rights *inter se* in respect of such dividend of transferors and transferees of any such shares.
- Receipt for dividends by joint holders of share** 164. If two or more persons are registered as joint holders of any shares, any one of such persons may give effectual receipts for any dividends, interim and special dividends or bonuses and other moneys payable or rights or property distributable in respect of such shares.
- Payment by post** 165. (a) Unless otherwise directed by the Board, any dividend, interest or other sum payable in cash to a holder of shares may be paid by cheque ~~or warrant~~ sent through the post addressed to the registered address of the member entitled, or, in case of joint holders, to the registered address of the person whose name stands first in the register in respect of the joint holding or to such person and to such address as the holder or joint holders may in writing direct. Every cheque ~~or warrant~~ so sent shall be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares and shall be sent at his or their risk, and the payment of any such cheque ~~or warrant~~ by the bank on which it is drawn shall operate as a good discharge to the Company in respect of the dividend and/or bonus represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged.
- (b) The Company may cease sending such cheques for dividend entitlements ~~or dividend warrants~~ by post if such cheques ~~or warrants~~ have been left uncashed on two consecutive occasions. However, the Company may exercise its power to cease sending cheques for dividend entitlements ~~or dividend warrants~~ after the first occasion on which such a cheque ~~or warrant~~ is returned undelivered.

App-3
r. 13(1)

Unclaimed dividend
App 3
r. 3(2)

166. All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the exclusive benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof or be required to account for any money earned thereon. The dividend shall remain as a debt due to the member. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the Board and shall revert to the Company and after such forfeiture no member or other person shall have any right to or claim in respect of such dividends or bonuses.

Untraceable Shareholders

Sale of shares of untraceable shareholders

167. (a) ~~The Company shall be entitled to sell any shares of a member or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if and provided that:~~

~~(i) all cheques or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years;~~

~~(ii) the Company has not during that time or before the expiry of the three month period referred to in paragraph (iv) of this Article below received any indication of the whereabouts or existence of the member or person entitled to such shares by death, bankruptcy or operation of law;~~

App 3
r. 13(2)(a)

~~(iii) during the 12-year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and~~

App 3
r. 13(2)(b)

~~(iv) upon expiry of the 12-year period, the Company has caused an advertisement to be published in the newspapers, giving notice of its intention to sell such shares, and a period of three months has elapsed since such advertisement and the Exchange has been notified of such intention.~~

~~The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds.~~

- (b) ~~To give effect to any sale contemplated by paragraph (a) the Company may appoint any person to execute as transferor an instrument of transfer of the said shares and such other documents as are necessary to effect the transfer, and such documents shall be as effective as if it had been executed by the registered holder of or person entitled by transmission to such shares and the title of the transferee shall not be affected by any irregularity or invalidity in the proceedings relating thereto. The net proceeds of sale shall belong to the Company which shall be obliged to account to the former member or other person previously entitled as aforesaid for an amount equal to such proceeds and shall enter the name of such former member or other person in the books of the Company as a creditor for such amount. No trust shall be created in respect of the debt, no interest shall be payable in respect of the same and the Company shall not be required to account for any money earned on the net proceeds, which may be employed in the business of the Company or invested in such investments (other than shares or other securities in or of the Company or its holding company if any) or as the Board may from time to time think fit.~~

167. [Intentionally deleted].

Document Destruction

**Destruction of
registrable
documents, etc.**

168. The Company shall be entitled to destroy all instruments of transfer, probate, letters of administration, stop notices, powers of attorney, certificates of marriage or death and other documents relating to or affecting title to securities in or of the Company (“Registrable Documents”) which have been registered at any time after the expiration of six years from the date of registration thereof and all dividend mandates and notifications of change of address at any time after the expiration of two years from the date of recording thereof and all share certificates which have been cancelled at any time after the expiration of one year from the date of the cancellation thereof and it shall conclusively be presumed in favour of the Company that every entry in the register if purporting to have been made on the basis of an instrument of transfer or Registrable Document so destroyed was duly and properly made and every instrument of transfer or Registrable Document so destroyed was a valid and effective instrument or document duly and properly registered and every share certificate so destroyed was a valid and effective certificate duly and properly cancelled and every other document hereinbefore mentioned

so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company, provided always that:

- (a) the provisions aforesaid shall apply only to the destruction of a document in good faith and without express notice of the Company of any claim (regardless of the parties thereto) to which the document might be relevant;
- (b) nothing herein contained shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any other circumstances which would not attach to the Company in the absence of this Article; and
- (c) references herein to the destruction of any document include references to the disposal thereof in any manner.

Notwithstanding any provision contained in these Articles, the Directors may, if permitted by applicable law, authorise the destruction of any documents referred to in this Article or any other documents in relation to share registration which have been microfilmed or electronically stored by the Company or by the share registrar on its behalf provided always that this Article shall apply only to the destruction of a document in good faith and without express notice to the Company that the preservation of such document might be relevant to a claim.

Annual Returns and Filings

- | | |
|-----------------------------------|---|
| Annual returns and filings | 169. The Board shall make the requisite annual returns and any other requisite filings in accordance with the Law <u>and the Mutual Funds Law</u> . |
|-----------------------------------|---|

Accounts

- | | |
|---|--|
| Accounts to be kept App 13 Part B r. 4(1) | 170. The Board shall cause to be kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions and otherwise in accordance with the Law. |
| Where accounts are to be kept | 171. The books of account shall be kept at the Company's principal place of business in Hong Kong or, subject to the provisions of the Law, at such other place or places as the Board thinks fit and shall always be open to the inspection of the Directors. |

- Inspection by members**
172. The Board shall from time to time determine whether, to what extent, at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection of the members (other than officers of the Company) and no member shall have any right of inspecting any accounts or books or documents of the Company except as conferred by the Law or any other relevant law or regulation or as authorised by the Board or by the Company in general meeting.
- Annual profit and loss account and balance sheet**
App-13
Part-B
r. 4(2)
173. (a) The Board shall, ~~commencing with the first annual general meeting~~ cause to be prepared ~~and to be laid before the members of the Company at every annual general meeting~~ a profit and loss account for the period, ~~in the case of the first account, since the incorporation of the Company and, in any other case, since the preceding account~~ each Accounting Period, together with a balance sheet as at the date to which the profit and loss account is made up and a Directors' report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such ~~period~~ Accounting Period, an Auditors' report on such accounts prepared pursuant to Article 174 and such other reports and accounts as may be required by law.
- Annual report of Directors and balance sheet to be sent to members etc.**
App-13
Part-B
r. 3(3)
App-3
r. 5
- (b) Printed copies of ~~those documents to be laid before the members of the Company at an annual general meeting together with the notice of the annual general meeting shall, not less than 21 days before~~ the documents referred to in Article 173(a) shall, ~~not later than four months after the date~~ last day of the meeting relevant Accounting Period, be sent to every member of the Company ~~and every holder of debentures of the Company, provided that the Company shall not be required to send printed copies of those documents to any person of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.~~

Audit

- Auditors**
App-13
Part-B
r. 4(2)
21.04(3)(e)
174. The Auditors shall audit the profit and loss account and balance sheet of the Company in each year and shall prepare a report thereon to be annexed thereto. The accounts of the Company and the report of the Auditors shall be prepared in compliance with the Code, rules and regulations of ~~the Exchange or any other~~ stock exchange on which shares are listed. ~~The report of the or any other applicable regulatory authority. The Auditors shall be laid before the Company at its annual general meeting in each year and shall be open to inspection by any member. The Auditors shall at the next annual~~

~~general meeting following their appointment and at any other at any time during their term of office, upon request of the Board or any general meeting of the members, make a report on the accounts of the Company in general meeting during their tenure of office.~~

Appointment and remuneration of Auditors
21.04(3)(e)

175. ~~The Company Board shall at any annual general meeting appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting removed by resolution of the Board. The remuneration of the Auditors shall be fixed by the Company at the annual general meeting at which they are appointed provided that in respect of any particular year the Company in general meeting may delegate the fixing of such remuneration to the Board. No person may be appointed as an Auditor unless he is independent of the Company, the Investment Manager and the Custodian. The Board may before the first annual general meeting appoint an auditor or auditors of the Company who shall hold office until the first annual general meeting unless previously removed by an ordinary resolution of the members in general meeting in which case the members at that meeting may appoint Auditors. The Board may fill any casual vacancy in the office of Auditor but while any such vacancy continues the surviving or continuing Auditor or Auditors, if any, may act. The remuneration of any Auditor appointed by the Board under this Article may be fixed by the Board.~~

~~When accounts to be deemed settled~~

176. ~~Every statement of accounts audited by the Auditors and presented by the Board at an annual general meeting shall after approval at such meeting be conclusive except as regards any error discovered therein within three months of the approval thereof [Intentionally deleted]. Whenever any such error is discovered within that period, it shall forthwith be corrected, and the statement of account amended in respect of the error shall be conclusive.~~

Notices

Service of notices
App-3
r. 7(1)

177. (a) ~~Any notice or document (including a share certificate) may be served~~ Notices shall be in writing and may be given by the Company and any notices may be served by the Board onto any member either personally or by sending it through the post in a prepaid letter addressed to such member at his registered address as appearing in the register or (in the case of notice) by advertisement published in the newspapers. In the case of joint holders of a share, all notices shall be given to that holder for the time being whose name stands first in the register and notice so given shall be sufficient notice to all the joint holders.

- (b) ~~Notice of every general meeting shall be given in any manner hereinbefore authorised to:~~
- (i) ~~every person shown as a member in the register of members as of the record date for such meeting except that in the case of joint holders the notice shall be sufficient if given to the joint holder first named in the register of members;~~
 - (ii) ~~every person upon whom the ownership of a share devolves by reason of his being a legal personal representative or a trustee in bankruptcy of a member of record where the member of record but for his death or bankruptcy would be entitled to receive notice of the meeting; by post, cable, telex, fax or e-mail to him or to his address as shown in the register of members (or where the notice is given by e-mail by sending it to the e-mail address provided by such member). Any notice, if posted from one country to another, is to be sent by airmail.~~
 - (iii) ~~the Auditors;~~
 - (iv) ~~each Director and alternate Director;~~
 - (v) ~~the Exchange; and~~
 - (vi) ~~such other person to whom such notice is required to be given in accordance with the Listing Rules.~~

~~No other person shall be entitled to receive notices of general meetings.~~

**Members out
of Hong Kong**
App 3
r. 7(2)
r. 7(3)

178. ~~A member shall be entitled to have notice served on him at any address within Hong Kong. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which for the purpose of service of notice shall be deemed to be his registered address. A member who has no registered address in Hong Kong shall be deemed to have received any notice which shall have been displayed at the transfer office and shall have remained there for a period of 24 hours and such notice shall be deemed to have been received by such member on the day following that on which it shall have been first so displayed, provided that, without prejudice to the other provisions of these Articles, nothing in this Article 178 shall be construed as prohibiting the Company from~~

~~sending, or entitling the Company not to send, notices or other documents of the Company to any member whose registered address is outside Hong Kong. [Intentionally deleted].~~

**When notice by
post deemed to be
served**

179. ~~Any notice or document sent by post~~Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, pre-paying and posting a letter containing the notice, and shall be deemed to have been served on the day following that on which it is put into a post office situated within Hong Kong and in proving such service it shall be sufficient to prove that the envelope or wrapper containing the notice or document was properly prepaid, addressed and put into such post office and a certificate in writing signed by the Secretary or other person appointed by the Board that the envelope or wrapper containing the notice or document was so addressed and put into such post office shall be conclusive evidence thereof. Any notice or other document delivered or left at a registered address otherwise than by post received on the fifth day (not including Saturdays or Sundays or public holidays in the Cayman Islands) following the day on which the notice was posted. Where a notice is sent by cable, telex or fax, service of the notice shall be deemed to be effected by properly addressing and sending such notice and shall be deemed to have been received on the same day that it was transmitted. Where a notice is given by e-mail service shall be deemed to be effected by transmitting the e-mail to the e-mail address provided by the intended recipient and shall be deemed to have been served or delivered received on the same day it was so delivered or left. Any notice served by advertisement shall be deemed to have been served on the day of issue of the official publication and/or newspaper(s) in which the advertisement is published (or on the last day of issue if the publication and/or newspaper(s) are published on different dates) that it was sent, and it shall not be necessary for the receipt of the e-mail to be acknowledged by the recipient.

**Service of notice
to persons
entitled on death,
mental disorder
or bankruptcy of
a member**

180. A notice may be given by the Company to the person or persons entitled to a share in consequence of the death, mental disorder or bankruptcy of a member by sending it through the post in a prepaid letter addressed to him or them by name, or by the title of representative of the deceased, or trustee of the bankrupt, or by any like description, at the address, if any, within Hong Kong supplied for the purpose by the person claiming to be so entitled, or (until such an address has been so supplied) by giving the notice in any manner in which the same might have been given if the death, mental disorder or bankruptcy had not occurred.

- Transferee bound by prior notices** 181. Any person who by operation of law, transfer or other means whatsoever shall become entitled to any share shall be bound by every notice in respect of such share which prior to his name and address being entered on the register shall have been duly given to the person from whom he derives his title to such share.
- Notice valid though member deceased** 182. Any notice or document delivered or sent by post or left at the registered address of any member in pursuance of these Articles, shall notwithstanding that such member be then deceased and whether or not the Company has notice of his death be deemed to have been duly served in respect of any registered shares whether held solely or jointly with other persons by such member until some other person be registered in his stead as the holder or joint holder thereof, and such service shall for all purposes of these Articles be deemed a sufficient service of such notice or document on his personal representatives and all persons (if any) jointly interested with him in any such shares.
- How notice to be signed** 183. The signature to any notice to be given by the Company may be written or printed by means of facsimile.

Information

- Member not entitled to information** 184. No member shall be entitled to require discovery of or any information in respect of any detail of the Company's trading or any matter which is or may be in the nature of a trade secret or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Board would not be in the interests of the members or the Company to communicate to the public.
- Directors entitled to disclose information** 185. ~~The Board~~ If required to do so under the laws of any jurisdiction to which the Company, the Investment Manager, Administrator or any service provider is subject, or in compliance with the rules of any stock exchange upon which the Company's shares are listed, or to ensure the compliance by any person with any anti-money laundering law in any relevant jurisdiction, any Director or other officer of the Company, the Investment Manager, Administrator or Auditor shall be entitled to release or disclose any information in his or its possession, custody or control regarding the Company or its affairs to any of its members of the Company or a member including, without limitation, any information contained in the register of members and transfer books of the Company or subscription documentation of the Company relating to any member as regards the identity of the member and/or the qualification of such member to hold or continue to hold such shares and the Company shall not be liable to such member for any loss occasioned by reason of such disclosure.

Winding Up**Power to
distribute assets
in specie
following
liquidation**

186. If the Company shall be wound up (whether the liquidation is voluntary, under supervision or by the court) the liquidator may, with the authority of a special resolution of the Company and any other sanction required by the Law, divide among the members *in specie* or kind the whole or any part of the assets of the Company (whether the assets shall consist of property of one kind or shall consist of properties of different kinds) and may, for such purpose, set such value as he deems fair upon any property to be divided and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority or sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members as the liquidator, with the like authority or sanction and subject to the Law, shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no member shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

**Distribution of
assets in
liquidation**

187. (a) If the Company shall be wound up the liquidator shall apply the assets of the Company in satisfaction of creditors' claims in such manner and order as he thinks fit.
- (b) If the Company shall be wound up, and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively. And if in a winding up the assets available for distribution amongst the members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. This Article is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.

**Service of
process**

188. ~~In the event of a winding-up of the Company in Hong Kong, every member of the Company who is not for the time being in Hong Kong shall be bound, within 14 days after the passing of an effective resolution to wind up the Company voluntarily, or the making of an order for the winding-up of the Company, to serve notice in writing on the Company appointing some person resident in Hong Kong and~~

~~stating that person’s full name, address and occupation upon whom all summonses, notices, process, orders and judgments in relation to or under the winding-up of the Company may be served, and in default of such nomination the liquidator of the Company shall be at liberty on behalf of such member to appoint some such person, and service upon any such appointee, whether appointed by the member or the liquidator, shall be deemed to be good personal service on such member for all purposes, and, where the liquidator makes any such appointment, he shall with all convenient speed give notice thereof to such member by advertisement as he shall deem appropriate or by a registered letter sent through the post and addressed to such member at his address as appearing in the register, and such notice shall be deemed to be service on the day following that on which the advertisement first appears or the letter is posted. *[Intentionally deleted]*.~~

Indemnities

Indemnities of Directors and officers

- 189. (a) Every Director, Auditor or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director, Auditor or other officer of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted.
- (b) Subject to the Companies Law, if any Director or other person shall become personally liable for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed any mortgage, charge, or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Director or person so becoming liable as aforesaid from any loss in respect of such liability.

Financial Year

Financial year

- 190. The financial year of the Company shall be prescribed by the Board and may, from time to time, be changed by it.

Amendment of Memorandum and Articles**Amendment of
Memorandum
and Articles**

App 13
Part B
r.1
[D16]

191. Subject to the Law, the Company may at any time and from time to time by special resolution alter or amend its Memorandum of Association and Articles of Association in whole or in part.

**Amendment of
material
contracts *[D16]***

191A. The Investment Management Agreement, Administration Agreement and Custodian Agreement may be altered by the Board on behalf of the Company, without consulting the shareholders, provided that the Custodian certifies in writing that in its opinion the proposed alteration;

- (a) is necessary to make possible compliance with fiscal or other statutory or official requirements; or
- (b) does not materially prejudice the shareholders' interests, does not to any material extent release the Custodian, Investment Manager or any other person from any liability to the shareholders and does not increase the costs and charges payable from the Company's property; or
- (c) is necessary to correct a manifest error.

In all other cases no alteration may be made except by a special resolution of the shareholders or the approval of the SFC.

Fees and ChargesCharter Life**Fees and expenses**

192. The Company shall pay costs and expenses of (a) all transactions carried out by it or on its behalf and (b) the administration of the Company including (i) the charges and expenses of legal advisers, auditors and other professionals; (ii) the charges and expenses of any other service provider appointed by the Company, including, without limitation, the Administrator, Custodian, Registrar and Investment Manager; (iii) brokers' commissions (if any) and any issue or transfer taxes chargeable and other costs and expenses payable in connection with any Securities transactions; (iv) all taxes and corporate fees payable to governments or agencies; (v) Directors' fees and expenses (if any); (vi) interest on borrowings; (vii) communication expenses with respect to investor services and all expenses of meetings of shareholders and of preparing, printing and distributing financial and

other reports, proxy forms, prospectuses and similar documents; (viii) the expenses of publishing the Net Asset Value; (ix) litigation and indemnification expenses and extraordinary expenses not incurred in the ordinary course of business, and (x) all other organisational and operating expenses.

Termination of the Company

Fixed Duration

~~192. The Company shall have a fixed duration. Unless earlier wound up pursuant to these Articles or the Law, the Company shall have a minimum duration of five years from the Closing Date. Notwithstanding the foregoing, the Directors may, with the sanction of an ordinary resolution of the shareholders passed at the annual general meeting of the Company held immediately prior to the fifth anniversary of the Closing Date, extend the term of the Company for a further period of two years and thereafter with the like sanction, for further periods of two years each. Upon the expiration of the initial term of five years (as the same may have been extended pursuant to the foregoing provisions of this Article), the Company shall be wound up and dissolved whereupon the person, if any, designated by the Directors shall become the liquidator or, in the absence of any such designation, the Directors shall become the liquidators or failing which the provisions of the Law will apply.~~

Termination of the Company [D17]

193. (a) The Company may be wound up by a special resolution of shareholders. On a winding up, the assets of the Company will be distributed in accordance with Articles 186 and 187.

(b) If the Net Asset Value of the Company at any time falls below HK\$80,000,000 and remains below that level for thirty or more consecutive Business Days, the Directors may, having consulted the Investment Manager, convene a general meeting of shareholders to determine by way of shareholders' resolution whether the Company shall continue in operation or be wound up. The Company will only continue in operation if approved by an ordinary resolution passed by shareholders at that meeting.

IMPORTANT: This draft document has been approved in principle by the Securities and Futures Commission (the “SFC”) as the Explanatory Memorandum in compliance with the Code on Unit Trusts and Mutual Funds in connection with the pending authorisation upon delisting, of the Value Partners China Greenchip Fund Limited pursuant to Section 105 of the Securities and Futures Ordinance. The purpose of enclosing this draft Explanatory Memorandum to the circular is to provide further information (as to the proposed changes to the Value Partners China Greenchip Fund Limited and the terms upon which the new shares will be issued) to the existing shareholders of the Value Partners China Greenchip Fund Limited only. Accordingly the enclosure of this draft Explanatory Memorandum to the circular does not constitute, and may not be construed as, an offer of shares of the Value Partners China Greenchip Fund Limited to the public. This document is a draft and the SFC may require further modifications to it before it is issued.

EXPLANATORY MEMORANDUM

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

(incorporated in the Cayman Islands with limited liability)

Manager

Value Partners

Investing through discipline

VALUE PARTNERS LIMITED

26 March 2007

PRELIMINARY

If you are in any doubt about the contents of this explanatory memorandum, you should consult your stock broker, bank manager, solicitor, accountant or other financial adviser.

Reference should be made to the sub-section headed "Restrictions on distribution" in this section for guidance on the offer of the Shares in jurisdictions other than Hong Kong.

The Directors and the directors of the Manager collectively and individually accept full responsibility for the information contained in this explanatory memorandum and for the accuracy and fairness of the opinions expressed herein, and that, having made all reasonable enquiries, the Directors and the directors of the Manager confirm that, to the best of their knowledge and belief, the information contained in this explanatory memorandum is true, accurate and complete in all material respects and not misleading.

The Fund has been authorised by the SFC in Hong Kong under the SFO, but such authorisation does not imply that investment in the Fund is recommended by the SFC.

The Fund is an open-ended mutual fund corporation and is therefore required to be registered as a mutual fund with the Cayman Islands Monetary Authority (the "Authority") under the Mutual Funds Law (2003 Revision) of the Cayman Islands ("Mutual Funds Law"). However, the Fund will not be subject to supervision in respect of its investment activities or the constitution of the Fund's portfolio by the Authority or any other governmental authority in the Cayman Islands, although the Authority does have power to investigate the activities of the Fund in certain circumstances. Neither the Authority nor any other governmental authority in the Cayman Islands has passed upon or approved the contents of this explanatory memorandum or assessed the merits of an investment in the Shares. There is no investment compensation scheme available to investors in the Cayman Islands.

Prior to 26 March 2007, the Fund was a close-ended investment company and its Non-redeemable Class N Shares were listed on the Stock Exchange. As approved by the Shareholders on 19 March 2007, the Fund was converted from a close-ended investment company into an open-ended mutual fund corporation and the Non-redeemable Class N Shares of the Fund were delisted from the Stock Exchange on 26 March 2007.

Only Redeemable Class A Shares of the Fund are offered pursuant to this explanatory memorandum. Non-redeemable Class N Shares of the Fund are closed for subscription and not being offered for subscription pursuant to this explanatory memorandum.

No action has been or will be taken in any jurisdiction (other than Hong Kong) that would permit a public offering of the Shares or any other securities of the Fund or the possession, circulation or distribution of this explanatory memorandum or any other offering or publicity material relating to the offering of Shares in any country or jurisdiction (other than Hong Kong) where action for the purpose is required. Accordingly, the Shares may not be offered or sold, directly or indirectly, and neither this explanatory memorandum nor any other offering material, circular, prospectus, form of application or advertisement in connection with the Shares may be distributed or published in or from any country or jurisdiction (other than Hong Kong) except under circumstances that will result in compliance with any applicable rules and regulations of such country or jurisdiction.

This explanatory memorandum does not constitute an offer or solicitation in any jurisdiction in which such an offer or solicitation is not authorised or in which the person making such offer or solicitation is not qualified to do so or to any person whom it is unlawful to make such offer or solicitation. Any representation to the contrary is unlawful.

RESTRICTIONS ON DISTRIBUTION

The following information is provided for guidance only. Applicants for Shares should consult their financial advisers and take legal advice, as appropriate, to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for the Shares should inform themselves as to the relevant legal requirements of applying and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

United States

The Shares have not been and will not be registered under the Securities Act or under the securities laws of any state or other political subdivision of the United States and may not be offered, sold, transferred or delivered, directly or indirectly, in the United States, its territories or possessions, any state of the United States. Neither the United States Securities and Exchange Commission nor any state or other regulatory agency in the United States has passed upon the Shares or the adequacy or accuracy of this explanatory memorandum.

The offering of Shares is being made outside the United States in accordance with Regulation S under the Securities Act. The Fund has not offered, sold or delivered and will not offer, sell or deliver directly or indirectly any Shares in the United States or to or for the account or benefit of US Persons. **The attention of United States Persons is drawn to the sub-section headed “Restrictions on Shareholders” and the compulsory redemption powers of the Directors referred to therein.**

Cayman Islands

No invitation may be made to the public in the Cayman Islands to subscribe for the Shares.

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DIRECTORY

| | |
|---|---|
| Registered office | PO Box 309GT Ugland House South Church Street George Town Grand Cayman Cayman Islands British West Indies |
| Principal office in Cayman Islands | Bank of Bermuda (Cayman) Limited P.O. Box 513 GT Strathvale House North Church Street George Town Grand Cayman Cayman Islands |
| Principal place of business in Hong Kong | Level 14, Three Pacific Place 1 Queen's Road East Hong Kong |
| Directors | Mr. So Chun Ki Louis Mr Cheah Cheng Hye Mr Ngan Wai Wah, Franco |
| Manager | Value Partners Limited Level 14, Three Pacific Place 1 Queen's Road East Hong Kong |
| Administrator | Bank of Bermuda (Cayman) Limited P.O. Box 513 GT Strathvale House North Church Street George Town Grand Cayman Cayman Islands |
| Custodian and Administrator's Agent | HSBC Institutional Trust Services (Asia) Limited 1 Queen's Road Central Hong Kong |

Legal advisers to the Fund*As to Hong Kong law:*

Simmons & Simmons
35th Floor
Cheung Kong Center
2 Queen's Road Central
Hong Kong

As to Cayman Islands law:

Maples and Calder
1504 One International Finance Centre
1 Harbour View Street
Hong Kong

Auditors

PricewaterhouseCoopers
PO Box 258GT
Strathvale House
South Church Street
Georgetown, Grand Cayman
Cayman Islands
British West Indies

DEFINITIONS

In this explanatory memorandum, unless the context otherwise requires, the following expressions have the meanings set out below.

| | |
|----------------------------|---|
| “Administrator” | Bank of Bermuda (Cayman) Limited or its successors |
| “Administrator’s Agent” | HSBC Institutional Trust Services (Asia) Limited or its successors |
| “Administration Agreement” | the administration agreement dated 26 March 2007 entered into between the Fund and the Administrator, details of which are summarised in the sub-section headed “Material contracts” of this explanatory memorandum |
| “Articles” | the articles of association of the Fund |
| “Associate(s)” | has the meaning ascribed to that term, as the context requires, in the SFO |
| “Board” | the board of Directors |
| “Business Day” | a day (other than a Saturday) on which banks in Hong Kong are open for general business provided that, where as a result of a Number 8 Typhoon Signal being hoisted or a Black Rainstorm warning being issued or other similar event, the period during which banks in Hong Kong are open on any day is reduced, such day shall not be a Business Day unless the Manager otherwise determines |
| “China” or “PRC” | the People’s Republic of China, but for the purposes of this explanatory memorandum and the Fund’s investment objective and investment approach, for geographical reference excludes Taiwan, Macau and Hong Kong |
| “Code” | the Code on Unit Trusts and Mutual Funds issued by the SFC |
| “Commodity” | gold, silver, platinum, any other precious metal and any other commodity or merchandise of any nature (other than currency) and any option in respect of any of the foregoing except any option defined in the Articles as a Futures Contract |
| “Companies Law” | the Companies Law (2004 Revision) of the Cayman Islands, as amended, modified, re-enacted or replaced from time to time |
| “Companies Ordinance” | the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, modified, re-enacted or replaced from time to time |

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| “Connected Person(s)” | <p>in relation to a company means:</p> <ul style="list-style-type: none">(a) any person or company beneficially owning, directly or indirectly, 20% or more of the ordinary share capital of that company or able to exercise directly or indirectly, 20% or more of the total votes in that company; or(b) any person or company controlled by a person who or which meets one or both of the descriptions given in (a); or(c) any member of the group of which that company forms part; or(d) any director or officer of that company or of any of its connected persons as defined in (a), (b) or (c) |
| “Custodian” | HSBC Institutional Trust Services (Asia) Limited or its successors |
| “Custodian Agreement” | the custodian agreement dated 26 March 2007 entered into between the Fund and the Custodian, details of which are summarised in the sub-section headed “Material contracts” of this explanatory memorandum |
| “Dealing Period(s)” | monthly period(s) which commence at the end of the preceding Dealing Period and end in Hong Kong at 5:00 p.m. (Hong Kong time) on each Valuation Day |
| “Director(s)” | the director(s) of the Fund |
| “ERISA” | the United States Employee Retirement Income Security Act of 1974, as amended |
| “Fund” | Value Partners China Greenchip Fund Limited, a company incorporated with limited liability as an exempted company in the Cayman Islands on 16 January 2002 |
| “Futures Contract” | any futures contract which is traded on the Futures Exchange or a Recognised Futures Exchange |
| “Futures Exchange” | Hong Kong Futures Exchange Limited |
| “Greater China” | the People’s Republic of China, but for the purposes of this explanatory memorandum and the Fund’s investment objective and investment approach, for geographical reference includes Taiwan and Hong Kong and excludes Macau |

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| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Hong Kong dollar” or “HK\$” | the lawful currency for the time being and from time to time of Hong Kong |
| “IFRS” | International Financial Reporting Standards |
| “Investment Company Act” | the United States Investment Company Act of 1940, as amended |
| “Investment Management Agreement” | the investment management agreement dated 26 March 2007 entered into between the Fund and the Manager, details of which are summarised in the sub-section headed “Material contracts” of this explanatory memorandum |
| “Investments” | all the Fund’s assets (including cash) for the time being deposited or deemed deposited with the Custodian for the account of the Fund excluding any amount declared as a dividend payable by the Fund |
| “Macau” | the Macau Special Administrative Region of the PRC |
| “Manager” | Value Partners Limited or its successors |
| “Market” | has the meaning ascribed to that term, as the context requires, in the Articles |
| “Memorandum” | the memorandum of association of the Fund |
| “Mr. Cheah” | Mr. Cheah Cheng Hye, a Director and a director of the Manager |
| “Net Asset Value” | the net asset value of the Fund or, as the context may require, the net asset value per Share, calculated pursuant to the Articles |
| “New Taiwan dollar” or “NT dollar” | the lawful currency for the time being and from time to time of Taiwan |
| “Non-eligible Investor” | <p>any person to whom a transfer, or by whose holding, of Shares (whether directly or beneficially) would or may, in the sole and conclusive opinion of the Directors:</p> <ul style="list-style-type: none">(i) be in breach of any law or governmental authority in any jurisdiction whether on its own or in conjunction with any other relevant circumstances;(ii) result in the Fund incurring any liability to taxation that the Fund otherwise would not have incurred or suffered; |

- (iii) require the Fund to be registered under any statute, law or regulation whether as an investment fund, trust, scheme or otherwise or cause the Fund to be required to apply for registration or comply with any registration requirements in respect of any Shares, whether in the United States or any other jurisdiction, including without limitation under the Securities Act or the Investment Company Act;
- (iv) cause the assets of the Fund to be considered “plan assets” within the meaning of ERISA;
- (v) likely to cause a pecuniary, tax, legal or regulatory disadvantage to the Fund or any Shareholder of the Fund in any jurisdiction that otherwise would not have incurred or suffered;
- (vi) be less than the minimum holding specified by the Manager from time to time; or
- (vii) such other non-qualified persons as determined by the Board from time to time

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| “Non-redeemable Class N Shares” | Shares which are not redeemable at the option of the Shareholder |
| “Performance Fee Valuation Day” | the last Business Day of each calendar year |
| “PRC” | the People’s Republic of China |
| “QIBs” | qualified institutional buyers as defined in Rule 144A |
| “Qualified Purchasers” | qualified purchasers as defined in the Investment Company Act |
| “Recognised Futures Exchange” | an international futures exchange which is recognised by the SFC or which is approved by the Directors and the Manager |
| “Recognised Stock Exchange” | an international stock exchange which is recognised by the SFC or which is approved by the Directors and the Manager |
| “Redeemable Class A Shares” | Shares which are redeemable at the option of the Shareholder in accordance with the Articles |
| “Regulation S” | Regulation S under the Securities Act |

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| “Relevant Performance Period” | initially means the period between the day on which dealings in Shares commence and 31 December 2007 (both dates inclusive), following 31 December 2007 the term means the period commencing 1 January to 31 December (both dates inclusive) in each successive calendar year |
| “Renminbi” | the lawful currency for the time being and from time to time of the PRC |
| “Rule 144A” | Rule 144A under the Securities Act |
| “Securities” | <p>any share, stock, debenture, loan stock, bond, security, commercial paper, acceptance, trade bill, treasury bill, instrument or note of, or issued by or under the guarantee of, any body, whether incorporated or unincorporated, or of any government or local government authority or supranational body, whether paying interest or dividends or not and whether fully-paid, partly paid or nil paid and includes (without prejudice to the generality of the foregoing):</p> <ul style="list-style-type: none">(i) any right, option or interest (howsoever described) in or in respect of any of the foregoing, including units in any Unit Trust (as defined in the Articles);(ii) any certificate of interest or participation in, or temporary or interim certificate for, receipt for or warrant to subscribe or purchase, any of the foregoing;(iii) any instrument commonly known or recognised as a security;(iv) any receipt or other certificate or document evidencing the deposit of a sum of money, or any rights or interests arising under any such receipt, certificate or document; and(v) any bill of exchange and any promissory note |
| “Securities Act” | United States Securities Act of 1933, as amended |
| “Securities and Futures Ordinance” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, modified, re-enacted or replaced from time to time |
| “SFC” | the Securities and Futures Commission of Hong Kong |
| “Shareholder(s)” | registered holders of the Shares from time to time |

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| “Share” | share in the capital of the Fund of a nominal or par value of HK\$0.10 and includes a fraction of any such Share. Shares may be divided into classes in the discretion of the Directors and shall be designated as Redeemable Class A Shares or Non-redeemable Class N Shares in accordance with the provisions of the Articles and, except where otherwise expressly stated, the term “Share” shall include all such classes of Share |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Taiwan” | Taiwan, the Republic of China |
| “United States” or “US” | the United States of America, as defined in Regulation S |
| “US Person” | has the meaning given to it in Regulation S |
| “United States dollars” or “US\$” | the lawful currency for the time being and from time to time of the United States |
| “Valuation Day” | the last Business Day of each calendar month, and/or such Business Day or Business Days as the Manager may from time to time determine with the approval of the Custodian and one month’s prior written notice to Shareholders, provided always that there will be at least one Valuation Day in each calendar month |
| “Valuation Point” | the official close of trading on the Market on each Valuation Day on which any Security, commodity or Futures Contract comprised in the Fund’s portfolio is traded and, if assets comprising the Fund’s portfolio are traded on more than one Market, the official close of trading on the last Market to close or such other time or times as determined by the Manager from time to time provided that there shall always be a Valuation Point on each Valuation Day |
| “%” | per cent. |

INFORMATION ON THE FUND**INTRODUCTION**

The Fund was incorporated with limited liability as an exempted company in the Cayman Islands on 16 January 2002. The Fund is an open-ended mutual fund corporation and will be principally engaged in investments in listed and unlisted companies related to Greater China.

Prior to 26 March 2007, the Fund was a close-ended investment company and its Shares were listed on the Stock Exchange. As approved by the Shareholders on 19 March 2007, the Fund was converted from a close-ended investment company into an open-ended mutual fund corporation and the Shares of the Fund were delisted from the Stock Exchange on 26 March 2007.

INVESTMENT OBJECTIVE, APPROACH AND RESTRICTIONS**Investment objective**

The investment objective of the Fund is to achieve medium-term capital growth by means of investing in companies established in Greater China or which derive a majority of their revenue from business related to Greater China, whether in the form of direct investment in, or trade with, Greater China. This includes companies incorporated and/or listed outside Greater China.

Investment approach

A substantial portion of investment is made in listed and unlisted companies related to Greater China, which includes the People's Republic of China, Taiwan and Hong Kong but excludes Macau.

Investment is normally made in the form of equity or debt related Securities.

The Fund seeks to invest primarily in companies, typically with a small market capitalisation expected to be below US\$200 million or its equivalent. The Manager typically performs its own investment research, including but not limited to frequent company visits, and focuses on companies that do not attract research coverage by major international institutional investors.

The Investments are intended to be held for medium to long-term (i.e. one to five years) capital appreciation. The actual holding period will be dependent on the return from the Investments and the potential of listing of such Investments on the Stock Exchange or other Recognised Stock Exchanges.

Any cash of the Fund not invested in Securities is deposited with the Custodian and/or other banks where accounts have been opened by the Fund.

Investment restrictions

The investment restrictions of the Fund are summarised below:

- (1) not more than 10% of the Fund's latest available Net Asset Value may be invested in Securities (other than Government and other public Securities) issued by any single issuer;
- (2) the Fund may not hold more than 10% of any ordinary shares issued by any single issuer;
- (3) not more than 15% of the Fund's latest available Net Asset Value may be invested in Securities which are neither listed nor quoted on a stock exchange, over-the-counter market or other organized securities market which is open to the international public and on which such Securities are regularly traded;
- (4) not more than 30% of the Fund's latest available Net Asset Value may be invested in Government and other public Securities of a single issue (save that the Fund may invest all of its assets in Government and other public Securities in at least six different issues);
- (5) not more than 20% of the Fund's latest available Net Asset Value may be invested in (i) commodities (including physical commodities, forward and futures contracts in respect of commodities, options on commodities, options on futures contracts in respect of commodities, and other commodity-based investments and excluding, for this purpose, Securities of companies engaged in the production, processing or trading of commodities) and (ii) futures contracts on an unhedged basis (by reference to the net aggregate value of contract prices, whether payable to or by the Fund);
- (6) the value of the Fund's total holding of warrants and options in terms of the total amount of premium paid (other than for hedging purposes) may not exceed 15% of its latest available Net Asset Value;
- (7) the value of the Fund's total holding of units or shares in other collective investment schemes may not exceed 10% of its latest available Net Asset Value. In addition, the objective of the underlying collective investment scheme may not be to invest primarily in any investment prohibited by the other investment restrictions, and where that underlying collective investment scheme's objective is to invest primarily in investments restricted by the other investment restrictions, such holdings may not be in contravention of the relevant limitation;
- (8) the Fund may not invest in a unit trust, mutual fund corporation or other collective investment scheme which is managed by the Manager or any of its Connected Persons which would result in an increase in the overall total of initial charges, Manager's annual fee, or any other costs and charges payable to the Manager or any of its Connected Persons borne by the Shareholders or by the Fund;

- (9) in addition, the Manager shall not on behalf of the Fund:
- (i) invest in a Security of any class in any company or body if directors and officers of the Manager individually own more than 0.5% of the total nominal amount of all the issued Securities of that class or collectively own more than 5% of those Securities;
 - (ii) invest in any type of real estate (including buildings) or interests in real estate (including options or rights but excluding shares/interests or derivative interests thereon in real estate companies and SFC authorised/permitted real estate investment trusts (REITs));
 - (iii) make short sales if as a consequence the liability of the Fund to deliver Securities would exceed 10% of its latest available Net Asset Value (and for this purpose Securities sold short must be actively traded on a market where short selling is permitted);
 - (iv) grant options over or in respect of any Security except, in the case of call options, where the option is covered by Securities and, in the case of put options, where the option is covered by cash or near cash in each case held by the Fund throughout the period from the grant of the option to the exercise of the option;
 - (v) grant call options over investments held by the Fund the total value of which, in terms of the prices at which all such options may be exercised, exceeds 25% of its latest available Net Asset Value;
 - (vi) make a loan out of the Fund without the prior written consent of both the Custodian and the Board except to the extent that the acquisition of an investment or the making of a deposit might constitute a loan;
 - (vii) assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person in respect of borrowed money without the prior written consent of both the Custodian and Board;
 - (viii) acquire any asset for the Fund which involves the assumption of any liability which is unlimited; or
 - (ix) apply any part of the Fund in the acquisition of any investments which are for the time being nil paid or partly paid in respect of which a call is due to be made unless such call could be met in full out of cash or near cash forming part of the Fund which has not been appropriated and set aside for any other purposes and shall not be entitled without the consent of the Manager or the Board to apply any part of the Fund in the acquisition of any other investment which is in the opinion of the Manager or the Board likely to involve the Fund in any liability (contingent or otherwise).

The Fund may engage in foreign currency transactions for hedging purposes only. For a discussion of foreign exchange controls in the PRC, please refer to the sub-section headed “Risks relating to the PRC” in the “Risk factors” section of this explanatory memorandum.

Borrowing Restrictions

The Manager may borrow up to 25% of the latest available Net Asset Value of the Fund to acquire investments or for liquidity purposes to meet redemptions and other expenses of the Fund. For the purposes of such restriction, back-to-back loans shall not be regarded as borrowing.

Security lending

The Fund may, at the request of the Manager, engage in security lending, in respect of any securities through the agency of or directly with any person including the Manager or the Custodian or any Connected Person of either of them, and such person shall be entitled to retain for its own use and benefit any fee it receives on a commercial basis in connection with such arrangement provided always that:

- (a) any security lending agreement is entered into only if (i) the relevant securities lent are fully paid-up securities listed or quoted on any stock exchange, over-the-counter market or other organised securities market that is open to the international public and on which such securities are regularly traded; (ii) the amount of the consideration (including the value of any collateral) given for the relevant securities exceeds the value of such securities at any one time based on daily marked to market values; (iii) the counterparties' financial standings are equivalent to at least A2/P2 (either based upon reputable credit rating agencies or in the reasonable opinion of the Manager); and (iv) the Fund is entitled at any time to terminate the agreement and demand the immediate return of all securities lent;
- (b) any security lending agreement is entered into only if collateral in such amount and in such form as prescribed by the Manager from time to time has been provided. Unless otherwise agreed to by the Manager, collateral for securities lent may take the form of government stock, government treasury bills, banker's acceptances, certificates of deposit, bonds, equities, letters of credit or cash collateral;
- (c) the value of the securities to be loaned, together with the value of all other securities which are the subject of a loan by the Fund does not exceed 10% of the latest available Net Asset Value of the Fund; and
- (d) no more than 50% of securities of the same issue, or of the same kind (by value), held in respect of the Fund is the subject of security lending agreements at any one time.

Any incremental income earned from any security lending agreement may be split between the Fund and any security lending agent in such proportion as the Manager may determine in each case, provided that the amount payable to any security lending agent should not exceed 30% of such incremental income.

If any of the above investment or stock lending limitations and prohibitions (for which a waiver has not been obtained) is breached (as a result of price fluctuations or otherwise), the Manager will make it a priority objective to take all steps necessary to remedy the situation within a reasonable time, taking into account the interests of all Shareholders.

DETERMINATION OF NET ASSET VALUE

The Net Asset Value of the Fund is determined by valuing the Investments and deducting the Fund's liabilities in accordance with the terms of the Articles as at the Valuation Point (or at such other time as the Manager and the Directors determine). The Administrator is responsible for calculating the Net Asset Value.

The Articles provide, among other things, that for the purpose of calculating the Net Asset Value:

- (a) Unless the Manager (with the consent of the Directors) determines that some other method of valuation is more appropriate in relation to the Investments, the value of any Security or Commodity which is listed or quoted on a Market (and includes any Security in respect of which application has been made for listing, quotation or permission to deal on a Market and the subscription or purchase of such Security by the Manager is conditional on the granting of such listing, quotation or permission to deal (respectively, a "Quoted Security" and a "Quoted Commodity")) shall be calculated by reference to the price appearing to the Manager to be the closing price on the Market on which the relevant Security or Commodity (or, in the case of any Security which consists of a warrant or purchase option, the underlying Security that such warrant or option relates to) is quoted, listed or ordinarily dealt in for such amount or quantity of such Security or Commodity (or, in the case of any Security which consists of a warrant or purchase option, the amount or quantity of the underlying Security that such warrant or option relates to) as the Manager may consider in the circumstances to provide fair criterion, provided that:
 - (i) if any Quoted Security or any Quoted Commodity or (as the case may be) any underlying Security is quoted, listed or normally dealt in on more than one Market, the Manager shall adopt the price quoted on the Market which, in its opinion, provides the principal market for such Security or Commodity or (as the case may be) such underlying Security;
 - (ii) in the case of any Quoted Security or any Quoted Commodity or (as the case may be) any underlying Security which is quoted, listed or normally dealt in on a Market but in respect of which, for any reason, prices on that Market may not be available at any relevant time, the value thereof shall be certified by such firm or institution making a market in such investment as may be appointed for such purpose by the Manager or, if the Directors so require, by the Manager after consultation with the Directors;
 - (iii) there shall be taken into account, interest accrued on interest-bearing Securities up to (and including) the date as at which the valuation is made, unless such interest is included in the quoted or listed price; and

- (iv) for the purpose of the foregoing provisions, the Manager (with the approval of the Directors, such approval not to be unreasonably withheld) shall be entitled to use and rely upon electronically transmitted information from such source or sources as they may from time to time think fit with regard to the pricing of Securities or Commodities on any Market notwithstanding that the prices so used are not the closing prices.
- (b) The value of any Security which is not a Quoted Security or any Commodity which is not a Quoted Commodity (respectively an “Unquoted Security” and an “Unquoted Commodity”) shall be its initial value ascertained in accordance with paragraph (i) below or its value according to the latest revaluation thereof made in accordance with paragraph (ii) below.
- (i) The initial value of an Unquoted Security or an Unquoted Commodity shall be the amount expended by the Fund in the acquisition thereof (including in each case the amount of the stamp duties, commissions and other expenses incurred in the acquisition thereof and the vesting thereof in the Custodian for the purposes of the Investments).
 - (ii) The Manager may at any time with the approval of the Directors and shall at such times or at such intervals as the Directors may request cause a revaluation to be made of any Unquoted Security or Unquoted Commodity by a professional person approved by the Directors as qualified to carry out such revaluation (and such professional person may be, if the Directors agree, the Manager itself).
 - (iii) Paragraph (d) shall apply to shares in any corporation which is or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in Securities or other investments and which is offering for sale or has outstanding redeemable shares of which it is the issuer or in respect of any such corporation with more than one class of shares (each representing a separate portfolio investing as aforesaid), each such class of shares (a “Mutual Fund Corporation”) and units in any arrangement made for the purpose, or having the effect, of providing facilities for the participation by persons, as beneficiaries under a trust, in profits or income arising from the acquisition, holding, management or disposal of securities or any other property whatsoever or, in respect of any such arrangement which offers more than one class of units to participating persons (each representing a separate portfolio acquiring, holding, managing or disposing as aforesaid), each such class of units (a “Unit Trust”) other than a Unit Trust which does not provide for units therein to be realised at the option of their holders and a Mutual Fund Corporation whose shares are redeemable only at the option of its manager or upon the occurrence of certain specified events.
- (c) The Value of any Futures Contract shall be calculated on the following basis:
- (i) For the purpose of the formulae set out in paragraphs (ii) and (iii) below:
 - A = the full amount expressed in the Futures Contract as being due to be paid or received by the holder of such Futures Contract upon settlement thereof or (as the case may be) upon delivery of the subject matter of such Futures Contract (the “Contract Value”) of the relevant Futures Contract (“the Open Contract”);

B = the amount determined by the Fund Manager to be the Contract Value of the Futures Contract which the Fund Manager would need to enter into on behalf of the Fund in order to close the Open Contract, such determination to be made by reference to the latest available price or (if bid and offered quotations are made) the latest available middle market quotation on the date as at which the valuation is to be made on the Market in which the Open Contract was entered into on behalf of the Fund; and

C = the amount expended out of the Fund in entering into the Open Contract, including the amount of all stamp duties, commissions and other expenses but excluding any deposit or margin provided in connection therewith.

- (ii) The value of a Futures Contract under which the Fund is the seller of the relevant Commodity, share price index or other subject matter of such Futures Contract, shall be the positive or negative amount given by the formula:

$$A - (B + C)$$

- (iii) The value of a Futures Contract under which the Fund is the buyer of the relevant Commodity, share price index or other subject-matter of such Futures Contract, shall be the positive or negative amount produced by applying the following formula:

$$B - (A + C)$$

- (d) Subject to paragraph (b)(iii) above, the value of any holding in any Mutual Fund Corporation or Unit Trust shall be calculated on the following basis:

- (i) The value of any unit in any Unit Trust and any share in any Mutual Fund Corporation (other than a unit in a Unit Trust which does not provide for units therein to be realised at the option of their holders and a share in a Mutual Fund Corporation whose shares are redeemable only at the option of its manager or upon the occurrence of certain specified events) shall be the latest available net asset value per unit in such Unit Trust or per share in such Mutual Fund Corporation or (if such net asset value is not available or not considered by the Manager to be appropriate) a price calculated by aggregating the latest available bid price for such a unit or share and the latest available offer price therefor and dividing the resulting sum by two, unless in any case the Manager considers that the latest available bid price is a more appropriate method of valuation.

- (ii) For the purpose of this paragraph (d), references to the "latest available" net asset value, bid price or offer price, as the case may be, means any of (a) the latest published net asset value, bid price or offer price; or (b) a net asset value, bid price or offer price which has been calculated but not yet published; or (c) a net asset value, bid price or offer price which will be determined as at a time on, before or after the relevant Valuation Point, whichever the Manager considers to be most appropriate in the relevant circumstances.

- (e) Cash, deposits and similar property shall be valued at their face value (together with accrued interest) unless, in the opinion of the Manager, any adjustment should be made to reflect the value thereof.
- (f) Notwithstanding paragraphs (a) to (e) above, the Manager may adjust the value of any Security, Commodity, Futures Contract or other property if, having regard to currency, applicable rate of interest, maturity, marketability or any other considerations it considers relevant, it determines that such adjustment is required to reflect more fairly the value thereof.
- (g) Where the current price of a Quoted Security or (as the case may be) underlying Security is quoted “ex” any dividend (including stock dividend), interest or other rights to which the Fund is entitled but such dividend, interest or the property or cash to which such rights relate has not been received and is not otherwise taken into account, the amount of such dividend, interest, property or cash shall be included in the Investments.

Under IFRS, investors should note that investments should be valued at fair value, and that the bid and offer pricing is considered to be representative of fair value for listed investments. However, under the valuation basis described above, listed investments are expected to be valued at the closing price which may lead to a different valuation had the valuation been performed in accordance with IFRS. The Directors have considered the impact of such non-compliance and does not expect this issue to materially affect the results and Net Asset Value of the Fund.

The Directors may declare a suspension of the determination of the Net Asset Value on any Business Day (and hence the Net Asset Value per Share) during:

- (i) any period (other than ordinary holiday or customary weekend closings) when any Market is closed which is the main market for a substantial part of the Investments, or when trading thereon is restricted or suspended;
- (ii) any period when any emergency exists as a result of which disposal by the Fund of Investments which constitute a substantial portion of its assets is not practically feasible;
- (iii) any period when for any reason the prices of a substantial portion of the Investments cannot be reasonably, promptly or accurately ascertained by the Fund;
- (iv) any period when remittance of monies which will, or may be, involved in the realisation of, or in the payment for, Investments cannot, in the opinion of the Directors, be carried out at normal rates of exchange;
- (v) any period when proceeds of the sale or redemption of the Shares cannot be transmitted to or from the Fund’s account; or
- (vi) any period when, for any other reason, the value of any of the Investments cannot reasonably or fairly be ascertained.

Whenever the Directors declare such a suspension it shall, as soon as may be practicable after any such declaration and at least once a month during the period of such suspension, publish a notice in the South China Morning Post and the Hong Kong Economic Times or such other English and Chinese language newspapers published daily and circulating generally in Hong Kong stating that such declaration has been made.

No Shares will be issued or redeemed on any Business Day when the determination of the Net Asset Value is suspended. Where possible, all reasonable steps will be taken to bring any period of suspension to an end as soon as possible.

If the Net Asset Value of the Fund at any time falls below HK\$80,000,000 and remains below that level for thirty or more consecutive Business Days, the Directors may, having consulted the Manager, convene a general meeting of Shareholders to determine by way of Shareholders' resolution whether the Fund shall continue in operation or be wound up. The Fund will only continue in operation if approved by an ordinary resolution passed by Shareholders at that meeting.

NET ASSET VALUE PUBLICATION

The Fund publishes monthly the Net Asset Value per Share in the South China Morning Post and the Hong Kong Economic Times or such other English and Chinese language newspapers published daily and circulating generally in Hong Kong. Prior notification will be given to Shareholders if the Manager decides to change the newspaper on which the Net Asset Value per Share will be published.

RESTRICTIONS ON SHAREHOLDERS

Every person purchasing the Shares will be deemed to have represented, agreed and acknowledged that it is not a Non-eligible Investor.

Under the Articles, the Directors have the power to impose such restrictions as they may think necessary for the purpose of ensuring that none of the Shares are acquired or held by a Non-eligible Investor. Upon notice that any of the Shares are so held, the Directors may require such holders to redeem or transfer their Shares in accordance with the provisions of the Articles.

Compulsory redemption

Under the Articles, the Directors have the power to redeem compulsorily any Shares held by a Non-eligible Investor at a price equivalent to the Net Asset Value per Share as of the Valuation Point immediately prior to the date on which the Directors determine that such redemption is to take effect. No Shareholders' resolution will be required in the event that the Directors decide to exercise their powers under the Articles to redeem compulsorily any Shares held by a Non-eligible Investor. Such compulsory redemption of Shares held by Non-eligible Investors will be effected in accordance with the Articles.

Any Shares redeemed compulsorily will be treated as cancelled on redemption and the amount of the Fund's issued share capital will be diminished by the nominal value of those Shares accordingly. Where Shares are redeemed compulsorily, the Fund will comply with the applicable rules and regulations.

Payment of the redemption proceeds will be made in Hong Kong dollars and will be remitted by wire transfer to the account designated by the Shareholder concerned. No interest will accrue on the redemption proceeds pending payment.

For the purposes of this section, references to “Shares” shall be construed as references to “Redeemable Class A Shares”.

Compulsory transfer

Under the Articles, upon notice that any of the Shares are held by a Non-eligible Investor, the Directors may by notice require such holder to transfer his Shares to a person whose holding would be permissible as described in this explanatory memorandum and as permitted under the Articles. A summary of the provisions of the Articles on transfer of Shares is set out in the sub-section headed “Transfer of Shares” in the “Subscription, Redemption and Transfer of Shares” of this explanatory memorandum.

If the holder does not subsequently transfer his Shares within 30 days after such notice, the Directors will be entitled to compulsorily redeemed such Shares in accordance with the Articles.

DISTRIBUTION

The Fund’s financial year is the twelve-month period from 1 January to 31 December of each calendar year. In view of the Fund’s investment objective to achieve capital growth, it is not envisaged that any income or gains derived from the Investments will be distributed by way of dividends or other distributions. This does not preclude the Directors, having consulted and agreed with the Manager, from declaring a dividend or making a distribution at any time in the future if they consider it to be appropriate.

REPORTS AND ACCOUNTS

The financial year-end of the Fund is on 31 December of every year. Audited accounts are to be prepared and sent to Shareholders within four months of each financial year-end. Half-yearly unaudited reports are also to be prepared up to the last Business Day in June of each year and sent to Shareholders within two months of such date. The reports will provide details of the Investments and the Manager’s statement on transactions during the period under review.

The audited accounts and the half-yearly unaudited reports are to be prepared according to IFRS. The rules of valuation of Investments contained in the Articles and which are applied in the day to day valuation of the Fund provide that Investments quoted or listed on any securities market are made by reference to the closing price, a price which is easily available to the Manager. The IFRS however require such Investments to be fair valued and this is normally by reference to the bid and offer price. Accordingly, such Investments are valued in the accounts and reports by reference to the bid price. The discrepancy between the Net Asset Values arrived at through the application of the two valuation methods may or may not be material and the accounts and reports will contain a reconciliation of the Net Asset Values.

DIRECTORS

The Directors are responsible for the overall management and control of the Fund in accordance with the Articles. The names of the Directors and their past experience are set out below:

Executive Directors

Mr. Cheah Cheng Hye, was appointed as an executive Director on 16 January 2002. He co-founded Value Partners Limited with Mr. V-Nee Yeh in February 1993 and is currently the Chief Investment Officer of Value Partners. He has been in charge of the China/Hong Kong equities portfolio that has won several performance awards since its launch in 1993. Mr. Cheah was formerly an executive director in the Hong Kong unit of Morgan Grenfell. He founded Morgan Grenfell's Hong Kong equities research department in 1989 where he served as the head of research and a proprietary trader. He pioneered research into locally listed smaller companies. Before joining Morgan Grenfell, Mr. Cheah worked as a financial journalist for eleven years in a number of Asian cities for The Asian Wall Street Journal and the Far Eastern Economic Review Ltd. Mr. Cheah is considered an authority on stock markets in China and Hong Kong and is frequently quoted in both the domestic and international media as an expert on China/Hong Kong stock markets. Under his stewardship, Value Partners recently won the Enterprise Award - Hong Kong Business Award 2005.

Mr. Ngan Wai Wah, Franco, was appointed as an executive Director on 26 March 2004. He is the Chief Executive Officer of Value Partners Limited and is responsible for the business management of Value Partners. Mr. Ngan is also the Chairman of Development Partners Limited, a joint venture between Value Partners and the development bank of the Netherlands (FMO), which manages mezzanine capital funds focusing on the Chinese market. Prior to joining Value Partners, he worked for Manulife Asset Management (Hong Kong) since 1997, where he served as a director in charge of sales and distribution and was responsible for both the institutional and the retail business. Before joining Manulife, Mr. Ngan was associated with Altamira Investment Services Inc. (Canada). Mr. Ngan is a graduate of the University of British Columbia with a major in Finance and is a Chartered Financial Analyst charterholder.

Mr. So Chun Ki Louis, was appointed as an executive Director on 22 March 2005. He is the Senior Fund Manager of Value Partners Limited and is involved in all aspects of Value Partners' investment process. He graduated from the University of Auckland with a degree in Commerce and from the University of New South Wales with a Master degree in Commerce.

TERMINATION OF THE FUND

The Fund may be wound up by a special resolution of Shareholders. On a winding up, the Shares carry a right to share, *pari passu inter se*, in surplus assets of the Fund remaining.

If the Net Asset Value of the Fund at any time falls below HK\$80,000,000 and remains below that level for thirty or more consecutive Business Days, the Directors may, having consulted the Manager, convene a general meeting of Shareholders to determine by way of Shareholders' resolution whether the Fund shall continue in operation or be wound up. The Fund will only continue in operation if approved by an ordinary resolution passed by Shareholders at that meeting.

INVESTMENT MANAGEMENT**THE MANAGER**

The Manager is a company incorporated with limited liability in the British Virgin Islands on 9 October 1991 and is licensed by the SFC pursuant to the SFO to carry on types 1, 4, 5 and 9 regulated activities.

The Manager's role

Pursuant to the Investment Management Agreement, the Manager was appointed as an investment manager to provide investment management services to the Fund, subject to the overall control and supervision of the Directors.

The Manager manages and supervises the Investments and provides various administrative services to the Fund in accordance with the Investment Management Agreement. More information on the Investment Management Agreement may be found in the sub-section headed "Material contracts" of this explanatory memorandum.

Appointment of investment adviser

Subject to the prior approval by the SFC, the Manager is authorised under the Investment Management Agreement to appoint one or more investment advisers to manage and invest the Fund on a discretionary basis. The Manager will exercise reasonable skill, care and diligence in the selection of any such investment advisers and will be responsible to the Fund for satisfying itself as to the ongoing suitability of such investment advisers to perform the investment advisory functions. The Manager will be responsible for the payment of the fees of the investment advisers.

The Manager's experience in investment management

The Manager is a specialist in the Greater China equity markets. Using a bottom-up value approach, its funds have generated consistent returns with much lower volatility than the general market. The firm's business commenced in Hong Kong in 1993 by Mr. Cheah and Mr. V-Nee Yeh. Subsequently, Mr. Cheah and Mr. Yeh brought two prestigious US investors into the firm as shareholders, namely Value Holdings LLC and JH Whitney III, LP.

Value Holdings LLC is part of the Holding Capital Group. The Holding Capital Group, founded in 1975 by Mr. Sash Spencer, is a private equity group with offices in New York and Florida, the United States. The group has arranged and acted as principal in more than 200 acquisitions and other investments totalling more than US\$3 billion in value.

JH Whitney III, LP is an affiliate of Whitney & Co., LLC. Whitney & Co., LLC helped pioneer the venture capital business and has evolved into a leading manager of alternative assets, including private and public equity, and private and public debt. Founded in 1946 by noted industrialist, financier and philanthropist John Hay "Jock" Whitney, the firm, as of 31 December 2001, successfully manages approximately US\$5 billion in assets for some of the world's most respected institutional and high-net-

worth investors. Whitney & Co., LLC sets itself apart by emphasising a tradition of innovative investing, executing a distinctive investment model and cultivating a unique organisation and culture.

The Manager's directors

The Manager's directors are:

Executive directors

Mr. Cheah Cheng Hye, was appointed as a director of the Manager on 1 February 1993. Mr. Cheah is also a Director of the Fund. Details relating to Mr. Cheah are set out in the section headed "Information on the Fund" of this explanatory memorandum.

Mr. Ho Man Kei, was appointed as a director of the Manager on 18 July 1997. Mr. Ho is the Senior Fund Manager of Value Partners Limited and holds a leadership role in Value Partners' investment process, including a high degree of responsibility for portfolio management. He joined Value Partners in 1995. He was a broker with Dao Heng Securities from 1992 and prior to that was an accountant with Ernst & Young. Mr. Ho is a graduate of the University of Hong Kong, where he received a Bachelor of Social Science majoring in Management Studies. He is a Chartered Financial Analyst.

Mr. Ngan Wai Wah, Franco, was appointed as a director of the Manager on 25 March 2004. Mr. Ngan is also a Director of the Fund. Details relating to Mr. Ngan are set out in the sub-section headed "Directors" of this explanatory memorandum.

Non-executive directors

Mr. V-Nee Yeh, was appointed as a director of the Manager on 23 December 1991. Mr. Yeh is a graduate of Williams College (B.A. magna cum laude, 1981) and Columbia University School of Law (J.D., 1984 and Harlan Fiske Stone Scholar) and is also a member of the California Bar Association. Before founding Value Partners Limited, he was a partner at Lazard Brothers Capital Markets in London. Mr. Yeh is on the board of several listed companies. He was a Council Member of the Stock Exchange until its merger into the Hong Kong Exchanges and Clearing Limited. He remains a member of the Listing Committee of the Stock Exchange. He used to be a member of the Listing Committee of the China Securities Regulatory Commission but retired at the end of 2003.

Mr. Brian Joseph Doyle, was appointed as a director of the Manager on 17 May 2000. Mr. Doyle is a graduate of Miami University, with a degree of Bachelor of Science, and the Harvard University Graduate School of Business Administration, with a master's degree in business administration. He is a managing director of Provident Investment Management Ltd., a private capital management firm based in Hong Kong. Prior to forming Provident Investment Management Ltd., he was with Whitney & Co., LLC and Morgan Stanley & Co.

THE CUSTODIAN AND ADMINISTRATOR'S AGENT

HSBC Institutional Trust Services (Asia) Limited has been appointed by the Fund as the Custodian of the investments and uninvested cash of the Fund, which will be held either directly by the Custodian or through its sub-custodians, nominees, agents or delegates pursuant to a custodian agreement between the Fund and the Custodian dated 26 March 2007 (the "Custodian Agreement"). The appointment of the Custodian may be terminated by either the Custodian or the Fund giving to the other not less than 90 days' notice in writing; the Custodian Agreement may also be terminated in certain other circumstances described therein.

The Custodian is entitled to receive the fees described in the sub-section headed "Custodian and Administrator fees" below.

More information on the Custodian Agreement may be found in the sub-section headed "Material contracts" of this explanatory memorandum.

THE ADMINISTRATOR

Bank of Bermuda (Cayman) Limited has been appointed by the Fund as its Administrator. The Administrator is appointed pursuant to an administration agreement between the Fund and the Administrator dated 26 March 2007 (the "Administration Agreement"). The appointment of the Administrator may be terminated by either the Administrator or the Fund giving to the other not less than 90 days' notice in writing.

Bank of Bermuda (Cayman) Limited was incorporated in the Cayman Islands on 21 June 1988 and is a licensed trust company under the Banks and Trust Companies Law (2003 Revision), as amended, and a licensed mutual fund administrator pursuant to the Mutual Funds Law (2003 Revision), as amended.

The Administrator is responsible for the general administration of the Fund which includes keeping the register of Shareholders, arranging for the issue and redemption of Shares, calculation of asset valuations and fees, and administration of uninvested cash.

The Administrator has delegated certain of its functions and duties to the Administrator's Agent in Hong Kong, however the principal register will be maintained by the Administrator in the Cayman Islands.

Both the Administrator and the Administrator's Agent are indirect wholly owned subsidiaries of HSBC Holdings plc, a public company incorporated in England and Wales. The HSBC Group is one of the largest banking and financial services organisation in the world with well-established businesses in Europe, the Asia-Pacific region, the Americas, the Middle East and Africa.

The Fund reserves the right to change the administrative arrangements described above by agreement with the Administrator and/or to appoint an alternative Administrator.

The Administrator is entitled to receive the fees described in the sub-section headed "Custodian and Administrator fees" below.

More information on the Administration Agreement may be found in the sub-section headed “Material contracts” of this explanatory memorandum.

POTENTIAL CONFLICTS OF INTERESTS

It is possible that the Manager or other investment advisers as may be appointed by the Manager from time to time pursuant to the Investment Management Agreement, may, in the course of their business, have potential conflicts of interests in relation to the Fund. For instance, associated companies or directors of the Manager or other investment advisers may act as underwriter(s) for Securities sold to the Fund or provide investment management and/or advisory services to other clients (including other funds). Pursuant to the Investment Management Agreement, the Manager or its Connected Persons will be free to render services similar to those which the Manager is providing to the Fund to other clients (including other funds) so long as the Manager’s services to the Fund are not thereby materially impaired. Further, the Manager or its Connected Persons may receive commission, brokerage and other charges in relation to the sale or purchase of any investment by the Fund.

At present, the Manager is also the investment manager of several funds whose investment objectives, investment approach and investment restrictions are similar to those of the Fund. The Manager or any of its Connected Persons may invest in, directly or indirectly, or manage or advise other investment funds or accounts which invest in assets which may also be purchased or sold by the Fund. Neither the Manager nor its Connected Persons is under any obligation to offer investment opportunities of which any of them become aware to the Fund or to account to the Fund in respect of (or share with the Fund or to inform the Fund of) any such transaction or any benefit received by any of them from any such transaction, but will allocate such opportunities on an equitable basis between the Fund and other clients.

The Manager reserves the right for itself and its Connected Persons to co-invest on its own or for other funds and/or clients with the Fund, although any such co-investment must be made on terms no better than those in which the Fund is investing. Further, the Manager and any of its Connected Persons may hold and deal in Shares or in investments held by the Fund either for their own account or for the account of their clients.

Subject to restrictions and requirements applicable from time to time, the Manager or any of its Connected Persons may enter into investments for the Fund as agent for the Fund and may deal with the Fund as principal provided that, in both cases, dealings are carried out as if effected on normal commercial terms negotiated on an arm’s length basis. Any transactions between the Fund and the Manager, investment adviser, the Directors or any of their Connected Persons as principal may only be made with the prior written consent of the Custodian. All such transactions must be disclosed in the Fund’s annual report.

The Manager or any of its Connected Persons may have banking or other financial relationships with any company or party which is the issuer of Securities, financial instruments or investment products held by the Fund.

Neither the Manager nor any of its Connected Persons may retain cash or other rebates from a broker or dealer in consideration of directing transactions to them. The Manager is authorised to receive and retain soft commission from brokers, dealers, agents, investment advisers or other persons in consideration of directing transactions in relation to the assets and investments of the Fund to these

persons provided that those services comprised in such soft commission are of demonstrable benefit to the Fund, the transaction execution is consistent with best execution standards and the amounts of brokerage on service fees payable to the said persons are not in excess of customary rates. Goods and services which a broker or a dealer may provide to the Manager include research and advisory services; economic and political analysis; portfolio analysis, including valuation and performance measurement; market analysis, data and quotation services; computer hardware and software incidental to the foregoing; clearing and custodian services and investment related publications. The goods and services which the Manager is permitted to receive may not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employee salaries, or direct money payments or any other goods and services as may be prescribed from time to time in any code or guideline issued by the SFC.

The Custodian or its Connected Persons may provide banking facilities to the Fund or enter into foreign exchange transactions with the Fund provided that they do so on the same or better terms to the Fund than those obtainable from any other party. The Custodian and its Connected Persons may, in all other cases, contract with or enter into any transaction with the Fund in the ordinary course of banking activities provided that such contract or transaction is on the best terms reasonably obtainable having regard to the interests of the Fund.

FEES AND EXPENSES

Initial charge

An initial charge of up to 5% in respect of the relevant issue price per Share may be made and retained by the Manager for its own use and benefit. The Manager may in its absolute discretion reduce the amount of the initial charge payable by an applicant in addition to the relevant issue price per Share on any Valuation Day.

Initial charge is waived for subscription of Shares made pursuant to an exchange from Non-redeemable Class N Shares on or before 31 May 2007. For the avoidance of doubt, existing Shareholders who subscribe additional Shares on or after 26 March 2007 will be subject to an initial charge.

Redemption charge

A redemption charge of up to 5% of the redemption price per Share may also be imposed and retained by the Manager for its own use and benefit. The charge is levied on a sliding scale of 5% of the redemption price per Share for Shares redeemed within 1 year of their issuance and 3% of the redemption price per Share for Shares redeemed within 1 year thereafter. The Manager may in its absolute discretion reduce the amount of the redemption charge payable by a Shareholder on a Valuation Day. No redemption charge will be payable on redemptions of Shares which have been held for more than 2 years or which were acquired by the relevant Shareholder pursuant to an exchange from Non-redeemable Class N Shares on or before 31 May 2007.

More information on the redemption charge may be found in the sub-section headed "Redemption of Shares" of this explanatory memorandum.

For the purposes of this section, references to “Shares” shall be construed as references to “Redeemable Class A Shares”.

Processing fee for transfer

The maximum processing fee payable to the Manager for transfer of Shares is HK\$500.

Management and performance fees

The maximum management fee and maximum performance fee payable to the Manager are 2% per annum of the Net Asset Value of the Fund and 15% of the appreciation in the Net Asset Value per Share (as defined below) respectively.

The Fund pays a management fee to the Manager of 1.5% per annum of the Net Asset Value of the Fund, calculated and accrued daily and payable in arrears to the Manager at the end of each calendar month.

The Manager is also entitled to receive a performance fee from the Fund calculated by reference to the increase in the Net Asset Value per Share (as defined below) as at the relevant Performance Fee Valuation Day.

A performance fee will be payable to the Manager if the Net Asset Value per Share (as defined below), calculated on the relevant Performance Fee Valuation Day, is greater than the Base Net Asset Value per Share (as defined below). The fee payable shall be 15% of the appreciation in the Net Asset Value per Share (as defined below), calculated as at the Valuation Point on the relevant Performance Fee Valuation Day over the Base Net Asset Value per Share (as defined below) for each Share then in issue, calculated as follows:

$$\frac{(A - B) \times C \times D}{E}$$

where:

“A” is the Net Asset Value per Share, calculated on the relevant Performance Fee Valuation Day, before the deduction of any provision for the performance fee and provided that for the purpose of this calculation only the Net Asset Value shall be calculated by including any distribution which has been declared or paid during the Relevant Performance Period.

“B” is the Base Net Asset Value per Share which shall be the greater of the Net Asset Value per Share on the day dealing in Shares of the Fund on the Stock Exchange commences (which is HK\$10) and the highest value for “A” as at the Valuation Point for any preceding Relevant Performance Period in relation to which a performance fee was last calculated and paid (after deduction of all fees including any performance fee in respect of such preceding Relevant Performance Period).

“C” is the aggregate number of Shares in issue during the Relevant Performance Period, calculated by adding the total number of Shares in issue as at the Valuation Point on each Valuation Day of the Relevant Performance Period.

“D” is 15% or, subject to the approval of the Shareholders by ordinary resolution in general meeting (which approval shall, for the avoidance of doubt, only be required in connection with a proposal to increase such rate), such other percentage figure agreed from time to time between the Manager and the Directors.

“E” is the number of Valuation Days in the Relevant Performance Period.

Any performance fee payable shall be paid as soon as practicable after the end of the Relevant Performance Period. The performance fee shall be deemed to accrue daily throughout the Relevant Performance Period. In the event that:

- (i) the Fund is placed into liquidation; or
- (ii) the Investment Management Agreement is terminated

on a day other than a Performance Fee Valuation Day, then an amount equivalent to the performance fee deemed to accrue on that day (if any) shall be payable to the Manager.

For Shares subscribing or redeeming during the Relevant Performance Period, they will be based on the Net Asset Value per Share (after accrual of performance fee as calculated in accordance with the above) and there is no adjustment. Depending upon the performance of the Fund during the year, the price at which Shareholders subscribe or redeem Shares at different times will be affected by performance of the Fund and this could have a positive or negative effect on the performance fee borne by them.

The Manager may, in its absolute discretion, share, waive, reduce or rebate all or any portion of the initial charge, redemption charge, Management Fee and Performance Fee to any person.

Custodian and Administrator fees

The Administrator and Custodian will together receive fees for providing administration and custody services to the Fund. The fees are calculated as a percentage of the Net Asset Value, calculated and payable monthly in arrears subject to a monthly minimum of US\$5,000. The percentage rates are 0.19% for the first US\$100 million, 0.17% for the next US\$100 million and 0.16% for anything above US\$200 million.

The Administrator and Custodian will each also be entitled to principal office fee, corporate secretarial fee, certain transaction fees and all reasonable out-of-pocket expenses incurred in the course of its duties. The Administrator will be responsible for paying the fees of the Administrator’s Agent at its own expense.

Directors' Remuneration

The Articles provide that the remuneration of the Directors in respect of services rendered or to be rendered to the Fund shall be determined by the Shareholders at a general meeting. The estimated aggregate amount of Directors' remuneration in any one year is no more than HK\$500,000.

The Directors shall also be entitled to be paid all expenses, including hotel and travel expenses, reasonably incurred by them in or in connection with the performance of their duties as Directors including their expenses of travelling to and from Board meetings, committee meetings or general meetings or otherwise incurred whilst engaged on the business of the Fund or in the discharge of their duties as Directors.

Preliminary Expenses

The costs and expenses of incorporation and listing of the Fund were approximately US\$5,000, equivalent to approximately HK\$39,000 at the exchange rate of HK\$7.80 : US\$1.00. These costs and expenses were borne by the Fund and expensed in 2002.

Conversion Expenses

The Fund incurred and paid expenses incurred for the conversion of the Fund from a close-ended investment company to an SFC authorised open-ended mutual fund corporation. Such expenses are approximately US\$512,820, equivalent to approximately HK\$4,000,000 at the exchange rate of HK\$7.80 : US\$1.00.

These costs and expenses were borne by the Fund and expensed as incurred.

Other fees and expenses

The Fund pays the costs and expenses of (i) all transactions carried out by it or on its behalf and (ii) the administration of the Fund including (a) the charges and expenses of legal advisers, auditors and other professionals; (b) the charges and expenses of any other service provider appointed by the Fund, including, without limitation, the Administrator, Custodian, Administrator's Agent and Manager; (c) brokers' commissions (if any) and any issue or transfer taxes chargeable and other costs and expenses payable in connection with any Securities transactions; (d) all taxes and corporate fees payable to governments or agencies; (e) Directors' fees and expenses (if any); (f) interest on borrowings; (g) communication expenses with respect to investor services and all expenses of meetings of Shareholders and of preparing, printing and distributing financial and other reports, proxy forms, prospectuses and similar documents; (h) the expenses of publishing the Net Asset Value of the Fund; (i) litigation and indemnification expenses and extraordinary expenses not incurred in the ordinary course of business, and (j) all other organisational and operating expenses.

Increase in fees

Any proposal to increase the current level of fees to the maximum level of fees permitted under the constitutive documents will require at least three months' prior notice be given to Shareholders.

SUBSCRIPTION, REDEMPTION AND TRANSFER OF SHARES

Reference should be made to the sub-section headed “Restrictions on distribution” in the “Preliminary” section of this explanatory memorandum for guidance on the offer of the Shares in jurisdictions other than Hong Kong.

SUBSCRIPTION OF SHARES

The minimum initial subscription for Shares (inclusive of the initial charge) will be HK\$80,000 or such other minimum holding specified by the Manager from time to time and the minimum subsequent subscription (inclusive of the initial charge) will be HK\$40,000. An initial charge of up to 5% in respect of the relevant issue price per Share may be made and retained by the Manager for its own use and benefit. For details, please refer to the sub-section headed “Initial charge” of this explanatory memorandum.

In determining the issue price of Shares, the Manager is entitled to add to the Net Asset Value per Share, for the account of the Fund, an amount which it considers to be an appropriate allowance (not exceeding 1% of such Net Asset Value per Share) for fiscal and purchase charges incurred or which would be incurred by the Fund in investing subscription monies, but it is not the present intention of the Manager to add any such amount except in the case of applications for an unusually large number of Shares where the subscription amount is in excess of HK\$15,600,000.

The Manager has the absolute discretion to decide whether to accept or reject in whole or in part any application for subscription. Applications for subscription (whether by post or by fax) must be received by the Manager by 5:00 p.m. (Hong Kong time) on the Valuation Day which coincides with the last Business Day of any Dealing Period in order to be dealt with by reference to that Valuation Day. Subscription money in cleared funds must also be received by the Administrator’s Agent by such deadline. However, the Manager may by notice to Shareholders or addendum to this explanatory memorandum require application for subscription be received on such prior Business Day as it may determine in order to be accepted for the next following Valuation Day. Valid applications for subscription received (whether by post or by fax) by the Manager after 5:00 p.m. (Hong Kong time) on the Business Day coinciding with such Valuation Day will be deemed to have been received, and will be dealt with, in the next Dealing Period with reference to the Valuation Day coinciding with the close of such succeeding Dealing Period. **All applications by prospective investors for an initial subscription of Shares which are sent by fax to the Manager must be followed by the duly signed original application.** The Manager may, in its absolute discretion, determine whether or not duly signed original applications are also required in respect of subsequent applications for subscription sent by fax by Shareholders.

No money should be paid to any intermediary in Hong Kong who is not licensed or registered to carry on Type 1 regulated activity under Part V of the Securities and Futures Ordinance.

Shares will be issued on 30 March 2007, 30 April 2007 or 31 May 2007 (as the case may be) to existing Shareholders who exchange their Non-redeemable Class N Shares of the Fund for Redeemable Class A Shares at an issue price equivalent to the Net Asset Value as at that date.

The issue price per Share at which investors may subscribe for Shares is the Net Asset Value per Share calculated on the relevant Valuation Day plus all appropriate allowance not exceeding 1% of such Net Asset Value per Share (if any) and rounded the resultant amount to the nearest two decimal places and monies representing any difference between the resultant amount and the amount arrived at after the rounding exercise shall be absorbed by the Fund.

Payment of subscription monies can be made in US dollars (which will be converted into HK dollars at the prevailing exchange rate on the close of the Dealing Period. The costs of any currency conversion (to be effected at such rates as the Manager may, in its discretion, deem appropriate) and other administrative expenses will be borne by the relevant Shareholder(s)) or HK dollars and must be received in full and cleared funds together with such applications. Please note that, for cleared funds in US dollars or HK dollars to be received in Hong Kong prior to 5:00 p.m. on the relevant Valuation Day payment by telegraphic transfer must be made for value at least one business day in New York (for US dollars) or one Business Day in Hong Kong (for Hong Kong dollars) before such Valuation Day. Shares of the Fund are denominated in Hong Kong dollars.

The Manager may agree to reserve capacity for subscription in an agreed amount in the Fund over a certain period of time.

For the purposes of this section, references to “Shares” shall be construed as references to “Redeemable Class A Shares”.

REDEMPTION OF SHARES

Requests for the redemption of Shares in the Fund must be received (whether by post or by fax) by the Manager on or before 5:00 p.m. (Hong Kong time) on a Business Day which falls within the period from the 10th to 15th day of each calendar month (or such other days as the Manager may permit at its discretion) to be dealt with by reference to the Valuation Day (which coincides with the close of that Dealing Period) in that calendar month.

If a request (whether sent by post or by fax) is received before the 10th day of a calendar month, it will be deemed to have been received on the 10th day of that calendar month (or if that day is not a Business Day, the next following Business Day) and will be dealt with in the same Dealing Period and with reference to the Valuation Day coinciding with the close of such Dealing Period.

If a request (whether sent by post or by fax) is received after the 15th day of a calendar month, it will be deemed to have been received on the 10th day of the next calendar month (or if that day is not a Business Day, the next following Business Day) and will be dealt with in the next Dealing Period and with reference to the Valuation Day coinciding with the close of such succeeding Dealing Period.

The original signed redemption request (duly completed) and all other supporting documents, if any are required, must be received by the Manager before redemption proceeds will be paid to the relevant Shareholder. No redemption proceeds will be paid to third parties.

A redemption charge of up to 5% of the redemption price per Share may also be imposed and retained by the Manager for its own use and benefit. The charge is levied on a sliding scale of 5% of the

redemption price per Share for Shares redeemed within 1 year of their issuance and 3% of the redemption price per Share for Shares redeemed within 1 year thereafter. The Manager may in its absolute discretion reduce the amount of the redemption charge payable by a Shareholder on a Valuation Day. No redemption charge will be payable on redemptions of Shares which have been held for more than 2 years or which were acquired by the relevant Shareholder pursuant to an exchange from Non-redeemable Class N Shares on or before 31 May 2007.

For the purposes of determining the amount of redemption charge, if any, payable by a redeeming Shareholder in respect of a redemption of all or some of his Shares, (a) where a Shareholder is effecting a partial redemption of Shares, the Shares being redeemed will be treated on a “first in - first out” basis (unless specified by the Shareholder in the redemption request); and (b) where a Shareholder is redeeming Shares which have been transferred to that Shareholder, the relevant date for the purpose of determining any such charge will be the date of transfer, and not the date of subscription, of the relevant Shares.

In determining the redemption price, the Manager is entitled to deduct from the Net Asset Value per Share for the account of the Fund, an amount which it considers to be an appropriate allowance (not exceeding 1% of such Net Asset Value per Share) for fiscal and sale charges incurred or which would be incurred by the Fund in realising assets to provide sufficient redemption proceeds, but it is not the present intention of the Manager to make any deduction except in the case of abnormally large redemptions of Shares where the redemption proceeds are in excess of HK\$15,600,000.

The Fund shall redeem Shares at a price being an amount equal to the Net Asset Value per Share calculated on the relevant Valuation Day, minus all applicable allowance and redemption charge (if any) and rounded the resultant amount to the nearest two decimal places and monies representing any difference between the resultant amount and the amount arrived at after the rounding exercise shall be absorbed by the Fund.

Redemption proceeds will normally be paid in Hong Kong dollars by telegraphic transfer according to instructions given by the relevant Shareholder(s) to the Manager or by cheque made in favour of, and sent at the risk of the person(s) entitled thereto to the registered address of the Shareholder or (in the case of joint Shareholders) the first named joint Shareholder appearing on the register of Shareholders. If there is no delay in submitting all duly completed redemption documentation and the determination of the Net Asset Value or dealing in Shares is not suspended, the interval between the receipt or deemed receipt (as the case may be) of a properly documented request for redemption of Shares and payment of redemption proceeds to the Shareholders may not exceed one calendar month.

Where redemption proceeds are to be paid to a bank account in the State of New York or Hong Kong (other than that notified to the Administrator’s Agent at the time of subscription), the Administrator’s Agent will require the signature of the Shareholder on the relevant redemption request to be independently verified to its satisfaction.

All bank charges and administrative costs incurred in settling redemption proceeds to the Shareholder(s) will be borne by the relevant Shareholder(s) and deducted from the redemption proceeds. Any risks arising from delay in clearance of funds by banks or from sending out the cheque by post will be borne by the relevant Shareholders.

With the prior consent of the Manager, arrangements can be made for redemption proceeds to be paid in any major currency other than Hong Kong dollars. Such alternative settlement instructions should be specified in the redemption request. The costs of any currency conversion (to be effected at such rates as the Manager may, in its discretion, deem appropriate) and other administrative expenses will be borne by the relevant Shareholder(s).

With a view to protecting the interests of Shareholders, the Manager may limit the total number of Redeemable Class A Shares redeemed and Non-redeemable Class N Shares repurchased during any Dealing Period to 10% in aggregate of the total number of Redeemable Class A Shares and Non-redeemable Class N Shares in issue of the Fund. Such limitation will be applied pro rata to all Shareholders who have requested such redemption or repurchase. If the total redemption and repurchase requests received during any Dealing Period are in excess of this limit, the Manager will be entitled (but not obliged) to carry out only sufficient redemptions and/or repurchases which, in aggregate, amount to 10% of the total Redeemable Class A Shares and Non-redeemable Class N Shares in issue at the relevant time. Redemption requests for Redeemable Class A Shares which are not redeemed and repurchase requests for Non-redeemable Class N Shares which are not repurchased but which would otherwise have been redeemed or repurchased will be deferred until the next Dealing Period and will be dealt with (subject to further deferral if the deferred requests themselves exceed 10% of the total Redeemable Class A Shares and Non-redeemable Class N Shares in issue) in priority to later redemption and repurchase requests.

Partial redemptions may be effected. However, if a redemption request will result in a Shareholder having a residual holding of less than HK\$80,000, or such other minimum holding prescribed by the Manager from time to time in respect of the Shares, the Manager may deem such redemption request to have been made in respect of all the Shares held by that Shareholder.

An applicant is entitled to withdraw a redemption request duly made in accordance with the Articles provided that the notice of withdrawal is received prior to the deadline for receiving redemption requests as set out above.

Notwithstanding any provisions of the Articles, the Fund may, in the absolute discretion of the Directors, refuse to make a redemption payment to a Shareholder if the Directors suspect or are advised that the payment of any redemption proceeds to such Shareholder may result in a breach or violation of any anti-money laundering law by any person in any relevant jurisdiction, or if such refusal is necessary to ensure compliance by the Shareholder, the Directors or the Administrator with any anti-money laundering law in any relevant jurisdiction.

The Directors may also in their absolute discretion, redeem compulsorily any Shares held by a Non-eligible Investor at a price equivalent to the Net Asset Value per Share as of the Valuation Point immediately prior to the date on which the Directors determine that such redemption is to take effect. No Shareholders' resolution is required. Any Shares redeemed compulsorily under the Articles shall be treated as cancelled on redemption and the amount of the Fund's issued share capital shall be diminished by the nominal value of those Shares accordingly.

Prospective investors should note that the Shares may not be suitable for investors with a short-term investment horizon in view of the relatively high redemption charges currently proposed to be levied on redemption of Shares held for less than 2 years from the date of their subscription (as described above).

For the purposes of this section, references to “Shares” shall be construed as references to “Redeemable Class A Shares”.

Procedures for repurchase of Non-redeemable Class N Shares are set out in the sub-section headed “Non-redeemable Class N Shares” in the “Further information about the Fund” section of this explanatory memorandum.

TRANSFER OF SHARES

Transfers of Shares may be effected by an instrument of transfer in such other form as the Board may from time to time prescribe and payment of a processing fee by the transferor to the Manager. The maximum of such processing fee is HK\$500.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee. The transferor shall be deemed to remain the holder of a Share until the name of the transferee is entered in the register of members of the Fund in respect thereof. All instruments of transfer shall be retained by the Fund. All forms for the transfer of Shares sent by fax to the Fund must be followed by the duly signed original forms and the transfer of Shares will only be effected upon receipt of the original executed transfer forms.

No transfer will be accepted if, as a result of such transfer, the value of Shares held by either the transferor or the transferee is less than HK\$80,000 or such other minimum holding specified by the Manager from time to time or Shares are acquired or held by a Non-eligible Investor.

The Board may, in its absolute discretion, and without assigning any reasons refuse to register any transfer of any Share which is not fully paid up or on which the Fund has a lien. The Board may also decline to register any transfer of any Shares unless:

- (A) the instrument of transfer is lodged with the Fund accompanied by the certificate (if any) for the Shares to which it relates (which shall upon the registration of the transfer be cancelled) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer and/or with regard to whether or not the transfer would result in any contravention of the restrictions (if any) on the holding of Shares imposed by the Board pursuant to the Articles;
- (B) the instrument of transfer is in respect of only one class of Share;
- (C) the instrument of transfer is properly stamped (in circumstances where stamping is required);
- (D) in the case of a transfer to joint holders, the number of joint holders to whom the Share is to be transferred does not exceed four; and
- (E) the Shares concerned are free of any lien in favour of the Fund.

If the Board refuses to register a transfer of any Share, it shall, within one month after the date on which the instrument of transfer was lodged with the Fund, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, on fourteen days' notice being given to Shareholders, be suspended and the register of members of the Fund closed at such times for such periods as the Board may from time to time determine, provided that the registration of transfers shall not be suspended or the register closed for more than thirty days in any year (or such longer period as the members of the Fund may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

The Board shall have power to impose such restrictions as it may think necessary for the purpose of ensuring that no Shares are acquired or held by a Non-eligible Investor.

If it shall come to the notice of the Board that any Shares are owned directly or beneficially by a Non-eligible Investor in contravention of any such restrictions, the Board may give notice to such person requiring him to transfer such Shares to a person who would not thereby be in contravention of any such restrictions. If any person upon whom such a notice is served does not within thirty days after such notice transfer such Shares or establish to the satisfaction of the Board (whose judgment shall be final and binding) that such Shares are not held in contravention of any such restrictions, the Directors shall be entitled to redeem such Shares compulsorily.

FAX INSTRUCTIONS

All instructions received by fax from Shareholders in respect of the subscription or redemption of Shares (whether or not the duly signed original applications or requests are also required by the Manager to follow such faxed instructions) will generally be acted upon by the Manager subject to its absolute discretion not to, and instructing the Administrator's Agent not to, do so until the original written instructions are received. All Shareholders who wish to give instructions relating to subscription or redemption of Shares by fax must provide to the Manager an original fax indemnity in the form prescribed by the Manager from time to time.

Neither the Manager nor the Administrator's Agent nor any of their agents, employees or delegates will be liable for any loss which the relevant Shareholder may suffer arising from (a) either the Manager or the Administrator's Agent or any of their agents, employees or delegates acting on any faxed instructions which purport to be (and which they believe in good faith to be) from the relevant Shareholder; or (b) the Manager exercising its absolute discretion not to, and instructing the Administrator's Agent or any of their agents, employees or delegates not to, act on such faxed instructions; or (c) any faxed instructions which are illegible; or (d) any faxed instructions which are not received by the Manager or the Administrator's Agent. Moreover, without written confirmation of receipt by the Manager or the Administrator's Agent, a transmission report produced by the originator of the facsimile transmission disclosing the transmission was sent shall not be sufficient proof of receipt thereof by the Manager or the Administrator's Agent.

FORM OF SHARES

A contract note will normally be issued by the Administrator's Agent as soon as practicable after the relevant Valuation Day upon acceptance of an application for subscription of Shares. Certificates for Shares will, however, not normally be issued. The number of Shares to be issued pursuant to any application for subscription will be rounded down to two decimal places and any monies representing any lesser fraction of a Share shall be retained for the benefit of the Fund.

RISK FACTORS

Prospective investors should carefully consider the risk factors described below together with all of the other information included in this explanatory memorandum before deciding whether or not to invest in the Shares.

RISKS RELATING TO THE FUND**Risks associated with the Fund's investments**

The Fund invests in listed and unlisted Securities principally in Greater China. There are risks inherent in all kinds of investments. Listed investments are subject to market fluctuations. Investors should also be aware that the Fund's income and its Net Asset Value might be adversely affected by external factors beyond the control of the Fund. As a result, the Fund's income and its Net Asset Value may go down as well as up, subject to, among other things, the prevailing market conditions.

The Fund may not be able to achieve its objective

There is no assurance that the Fund's investment objective will be met. The level of fees and expenses payable by the Fund will fluctuate as a result of changes in the Net Asset Value. Although the amounts of certain ordinary expenses of the Fund may be estimated, the growth rate of the Fund, and hence its Net Asset Value, cannot be anticipated. Accordingly, no assurance can be given as to the performance of the Fund or the actual level of its expenses.

Active investment management

The Fund's investments do not track a particular share index or other pre-determined benchmarks. Instead, the Fund's assets is actively managed by the Manager, based on the expertise of individual fund managers, who will have discretion (subject to the Fund's investment restrictions) to invest the Fund's assets in investments that it considers will enable the Fund to achieve its investment objective. There is no guarantee that the Fund's investment objective will be achieved based on the investments selected.

Potential conflicts of interests of the Manager

It is possible that the Manager or other investment advisers as may be appointed by the Manager from time to time pursuant to the Investment Management Agreement, may, in the course of their business, have potential conflicts of interests in relation to the Fund. For instance, associated companies or directors of the Manager or other investment advisers may act as underwriter(s) for Securities sold to the Fund or provide investment management and/or advisory services to other clients (including other funds). Pursuant to the Investment Management Agreement, the Manager or its associated companies or any of its directors will be free to render services similar to those which the Manager is providing to the Fund to other clients (including other funds) so long as the Manager's services to the Fund are not thereby impaired. Further, the Manager or its associated companies or any director or chief executive of

the Manager or such associated companies may receive commission, brokerage and other charges in relation to the sale or purchase of any investment by the Fund.

At present, the Manager is also the investment manager of several funds whose investment objectives, investment approach and investment restrictions are similar to those of the Fund.

Potential investors should refer to the sub-section headed “Potential conflicts of interests” in the “Investment management” section of this explanatory memorandum for further information in relation to potential conflicts of interests of the Manager.

The Fund may be wound up if the Net Asset Value falls below HK\$80,000,000

The Administrator calculates the Net Asset Value by valuing the Investments and deducting the Fund’s liabilities in accordance with the Articles as at the Valuation Point (or at such other time as the Manager and the Directors may determine). For further information on the determination of Net Asset Value, please refer to the sub-section headed “Determination of Net Asset Value” in the “Information on the Fund” section of this explanatory memorandum.

If the Net Asset Value of the Fund at any time falls below HK\$80,000,000 and remains below that level for thirty or more consecutive Business Days, the Directors may, having consulted the Manager, convene a general meeting of Shareholders to determine by way of Shareholders’ resolution whether the Fund should continue in operation or be wound up. The Fund will only continue in operation if approved by an ordinary resolution passed by Shareholders at that meeting.

No comparable market values of the shares of the investee companies

As the Fund may invest in unlisted companies, comparable market values of the shares of the investee companies may not be available. The Directors or the Manager (as the case may be) will make reference to, if available, the latest financial information of such companies and the industrial statistics of the relevant businesses. To a large extent, the Fund has to rely on the judgement and experience of its Directors or the Manager (as the case may be) in assessing the values of the investee companies to determine the basis of consideration for such acquisitions or disposals (as the case may be) and there can be no assurance that the assessment of the Directors or the Manager will prove accurate.

Compulsory redemption and compulsory transfer

Under the Articles, the Directors have the power to redeem compulsorily any Shares held by a Non-eligible Investor at a price equivalent to the Net Asset Value per Share as of the Valuation Point immediately prior to the date on which the Directors determine that such redemption is to take effect.

No Shareholders’ resolution will be required in the event that the Directors decide to exercise their powers under the Articles to redeem compulsorily any Shares held by a Non-eligible Investor. Such compulsory redemption of Shares will be conducted in accordance with the Articles. Accordingly, the Directors may redeem Shares held by an investor in the event that the Directors consider such investor to be a Non-eligible Investor.

Pursuant to the Articles, upon notice that any of the Shares are held by a Non-eligible Investor, the Directors may also require such holder to transfer his Shares to a person whose holding would be permissible as described in this explanatory memorandum and as permitted under the Articles. A summary of the provisions of the Articles on transfer of Shares is set out in the sub-section headed “Transfer of Shares” in the section headed “Subscription, Redemption and Transfer of Shares” of this explanatory memorandum.

For the purposes of this section, references to “Shares” shall be construed as references to “Redeemable Class A Shares”.

Market risk

The Net Asset Value of the Shares will change with changes in the market value of the Investments. The price of Shares may go down as well as up. Investors should note that the Fund does not currently propose to declare dividends or make distributions to investors.

Asset class risk

Although the Manager is responsible for the continuous supervision of the investment portfolio of the Fund, the returns from the types of Securities in which the Fund invests may underperform returns from other securities markets or from investment in other assets. Different types of Securities tend to go through cycles of out-performance and underperformance when compared with other general securities markets.

Concentration

Although the Fund is required under the Code to limit investments in the Securities of any single issuer to no more than 10% of its Net Asset Value, the Fund’s investments may be subject to greater risk and market fluctuation than a company that has investments representing a broader range of investment alternatives.

Liquidity

The trading volumes of some of the markets through which the Fund may invest might be substantially lower than those on the Stock Exchange or other leading stock exchanges. This means that the Fund may experience difficulty in investing in Securities which trade exclusively on an exchange with a low turnover and/or may experience difficulty realising the value of such investments. Low turnovers may also lead to increased price volatility.

Further, the Fund may invest up to 15% of its Net Asset Value in unlisted Securities for which there may be no ready market through which to realise such investments.

Futures options and other derivatives

A derivative is a financial instrument the value of which depends on, or is derived from, the value of an underlying asset such as a security or an index. The Fund may invest in derivative instruments such

as stock index futures contracts and other derivative products. Compared to conventional securities, derivative instruments can be more sensitive to changes in interest rates or to sudden fluctuations in market prices due to both the low margin deposits required, and the extremely high degree of leverage involved in futures pricing. As a result, a relatively small price movement in the value of the underlying asset of a derivative instrument may result in immediate and substantial loss (or gain) to the Fund. Thus the Fund's losses may be greater if it invests in derivative instruments than if it invests only in conventional securities such as shares and debt securities.

Emerging market risk

Some markets in which the Fund may invest are considered to be emerging market countries. Investment in these countries subjects the Fund to a greater risk of loss than investments in a developed country. This is due to, among other things, greater market volatility, lower trading volume, political and economic instability, settlement risk, greater risk of market shut down and more governmental limitations on foreign investment than those typically found in developed markets.

Foreign exchange risk

If the Fund's assets are generally invested in Securities denominated in currencies other than Hong Kong dollars, and if a substantial portion of its revenue and income is received in a currency other than Hong Kong dollars, any fluctuation in the exchange rate of the Hong Kong dollar relative to the relevant foreign currency will affect the Net Asset Value of the Shares regardless of the performance of the Fund's underlying portfolio. As the Fund's Net Asset Value is determined on the basis of Hong Kong dollars, investors may lose money if the local currency of a foreign market depreciates against the Hong Kong dollar, even if the local currency value of the Fund's holdings increases.

Foreign exchange transaction risk

Foreign exchange transactions involve a significant degree of risk, even if they are entered into for the purpose of hedging only. The markets in which foreign exchange transactions are effected are highly volatile, highly specialised and highly technical. Significant changes, including changes in liquidity, may occur in such markets within very short periods of time, often within minutes. Foreign exchange transaction risks include, but are not limited to:

- exchange rate risk;
- maturity gaps;
- interest rate risk; and
- potential interference by government intervention through regulation of local exchange markets, foreign investment or particular transactions in foreign currency.

Risk relating to war or terrorist attacks

There can be no assurance that there will not be any terrorist attacks which could have direct or indirect effect on Greater China and other markets in which the Investments may be located and the corresponding political and/or economic effects arising therefrom, if any, may in turn adversely affect the operation and profitability of the Fund.

RISKS RELATING TO THE PRC

In addition to the general risk factors set out above, investors should also note the following in relation to investments made by the Fund in the Greater China region:

Political, Economic and Social Risks

Political changes, social instability and unfavourable diplomatic developments which may take place in any part of the Greater China region could result in the imposition of additional governmental restrictions including expropriation of assets, confiscatory taxes or nationalisation of some or all of the investments held by the Fund in such place. Investors should also note that any change in the policies of any part of the Greater China region may impose an adverse impact on the securities markets in such place as well as the Securities of the Fund.

PRC Economic Risks

The economy in the PRC has experienced rapid growth in recent years. However, such growth may or may not continue nor apply evenly across different sectors of the PRC economy. The PRC government has also implemented various measures from time to time to prevent overheating of the economy. Furthermore, the transformation of the PRC from a socialist economy to a more market-oriented economy has led to various economic and social disruptions in the PRC and there can be no assurance that such a transformation will be continued or be successful. All these may have an adverse impact upon the performance of the investments of the Fund which are related to the PRC.

Legal System of the PRC

The legal system of the PRC is based on written laws and regulations. However, many of these laws and regulations are still untested and the enforceability of such laws and regulations remains unclear. In particular, the PRC regulations which govern currency exchange in the PRC and the investments of the Fund as a foreign investor are relatively new and their application is uncertain. Such regulations also empower the China Securities Regulatory Commission (“CSRC”) and the State Administration of Foreign Exchange (“SAFE”) to exercise discretion in their respective interpretation of the regulations, which may result in uncertainties in their application.

Potential Market Volatility

Investors should note that the stock exchanges in the PRC on which the “B” Shares are still at a developmental stage, and their respective market capitalisation and trading volume are much lower than those in more developed financial markets. Market volatility and potential lack of liquidity due to low

trading volume in the “B” Share markets may result in prices of securities traded on such markets fluctuating significantly, which may result in substantial changes to the price of the shares of the Fund.

Currency Exchange Risk

As the Fund is denominated in HK dollars, the performance of the assets of the Fund will be affected by movements in the exchange rates between the currencies in which the assets are held and HK dollars, and any changes in exchange control regulations which may cause difficulties in the repatriation of funds. The Fund may, but is not obliged to seek to hedge foreign currency risks. However, even if undertaken, such hedging may be ineffective and may even be counter-productive due to the foreign exchange controls in the PRC. On the other hand, failure to hedge foreign currency risks may result in the Fund suffering from exchange rate fluctuations.

Taxation in the PRC

Various tax reform policies have been implemented by the PRC government in recent years, and existing tax laws and regulations may be revised or amended in the future. Any changes in tax policies may reduce the after-taxation profits of the companies in the PRC which the Fund invests in.

Accounting and Reporting Standards

Accounting, auditing and financial reporting standards and practices applicable to companies in some parts of the Greater China region may differ from those in countries that have more developed financial markets. These differences may lie in areas such as different valuation methods of the properties and assets, and the requirements for disclosure of information to investors.

Performance of Underlying Investments

It should be appreciated that because the value of shares in the Fund, and income from them (if any), is primarily based on investments in the Securities of China-related companies, the value of the shares in the Fund (and hence the value of the Shares) will rise or fall as a result of fluctuations in the value or performance of such underlying Securities and companies.

RISKS RELATING TO HONG KONG

Economic, political and legal developments

Part of the Fund’s investments may be made in Hong Kong. Accordingly, the Fund’s operational results, financial position and prospects could be affected by economic, political and legal developments in Hong Kong. On 1 July 1997, Hong Kong became a special administrative region of the PRC when the PRC resumed the exercise of sovereignty over Hong Kong. The basic policies of the PRC regarding Hong Kong are embodied in the Basic Law of Hong Kong, which provides that Hong Kong shall have a high degree of autonomy and enjoy executive, legislative and independent judicial powers, including that of final adjudication under the principle of “one country, two systems”. However, there is no assurance that economic, political and legal developments in Hong Kong will not be adversely affected as a result of the exercise of sovereignty by the PRC over Hong Kong or otherwise. If there are any material

adverse changes in the general economic, political and legal development in Hong Kong, the Fund's operational results, financial position and investments in Hong Kong may be adversely affected.

Devaluation of the Hong Kong dollar

The Hong Kong dollar has been pegged to the United States dollar since 1983. The Hong Kong government has repeatedly reaffirmed its commitment to this pegged exchange rate system. However, in the event this policy were to change, there is a risk that the Hong Kong dollar might devalue against other currencies relevant to the Fund's business and the Investments which would increase the Hong Kong dollar cost of the Fund's foreign currency investments.

RISKS RELATING TO TAIWAN

The Taiwan stock market

The Taiwan stock market has historically exhibited high volatility and the price of the securities listed on the Taiwan stock market may fall as well as rise. A considerable proportion of stock market activity may be said to be of a short-term speculative nature. There can be no assurance that the Taiwan stock market will not continue its historic pattern of volatility in the future.

Exchange control regulations

As the Fund will invest in Taiwanese securities, the Hong Kong dollar value of the Fund will be affected by changes in the value of the New Taiwan dollar, relative to the Hong Kong dollar. Further, the ability of the Fund to convert Hong Kong dollars into NT dollars or vice versa for the purposes of making investments or redemptions will be subject to the exchange control regulations of Taiwan and the Cayman Islands (if any).

Political change and government action

A portion of the Fund's investments may be made in Taiwan. Accordingly, the Fund's operational results, financial position and prospects could be affected by economic, political and legal developments in Taiwan. Taiwan has a unique international political status. The Taiwan government does not recognise the sovereignty of the PRC government over Taiwan, and the PRC government does not recognise the legitimacy of the Taiwan government. Although significant economic and cultural relations have been established in recent years between Taiwan and the PRC, the PRC has refused to renounce the possibility that it may at some point use force to gain control over Taiwan. Relations between Taiwan and the PRC have been strained in recent years. Relations between Taiwan and the PRC may affect the business of the Fund, its operational results or its financial condition.

TAXATION

Prospective investors must consult their own professional advisors regarding the possible tax, exchange control or other consequences of buying, holding, selling or disposing of Shares under the laws of the jurisdictions of which they are citizens, residents or domiciliaries and in which they conduct business. The following is given by way of general summary based on the current law and practice and does not constitute legal or tax advice.

CAYMAN ISLANDS

The Fund has obtained an undertaking from the Governor-in-Council of the Cayman Islands that, in accordance with section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, for a period of 20 years from 22 January 2002, being the date of the undertaking, no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Fund or its operations and, in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable (i) on the Shares, debentures or other obligations of the Fund or (ii) by way of the withholding in whole or in part of a payment of dividend or other distribution of income or capital by the Fund to its Shareholders or a payment of principal or interest or other sums due under a debenture or other obligation of the Fund.

Although the Fund is not subject to tax in the Cayman Islands, the Fund may be liable for any taxes which may be withheld at source in other countries in respect of income or gains derived from its investments.

The Government of the Cayman Islands will not, under existing legislation, impose any income, corporate or capital gains tax, estate duty, inheritance tax, gift tax or withholding tax upon the Fund or the Shareholders. The Cayman Islands are not party to any double taxation treaties. No stamp duty is levied in the Cayman Islands on the transfer or redemption of Shares provided that the Fund does not hold any interest in land in the Cayman Islands. An annual registration fee will be payable by the Fund in the Cayman Islands which will be calculated by reference to the nominal amount of its authorised share capital; at current rates, the fee is approximately US\$2,400 per annum. In addition, an annual fee at the current rate of US\$3,049 is payable to the Authority.

HONG KONG

The Fund*Profits tax*

During such period as the Fund is authorised under Section 104 of the SFO, under the present Hong Kong law and practice, the Fund is not expected to be subject to Hong Kong profits tax in respect of any of its profits.

During the period prior to the Fund becoming so authorised, it is possible that an exposure to Hong Kong profits tax may arise for the Fund in respect of its Hong Kong sourced profits (excluding capital gains) earned from the business it carries on in Hong Kong.

Notwithstanding this, an exemption from Hong Kong profits tax under Section 26A(1A) of the Inland Revenue Ordinance is available to the Fund for the period prior to it becoming authorised under Section 104 of the SFO if the Inland Revenue Department accepts that it is a bona fide widely held investment scheme which complies with the requirements of a supervisory authority within an acceptable regulatory regime.

Stamp duty

The sale and purchase of Hong Kong stocks by the Fund will be subject to stamp duty in Hong Kong at the current rate of HK\$2 per HK\$1,000, or part thereof, of the price or market value of the stocks whichever is higher. The Fund will be liable to one-half of such Hong Kong stamp duty.

The Shareholders

Profits tax

No tax will be payable by Shareholders in Hong Kong in respect of any capital gains arising on a sale, realisation, redemption or other disposal of shares in the Fund, except that Hong Kong profits tax may arise where such transactions form part of a trade, profession or business carried on in Hong Kong.

No tax should generally be payable by Shareholders in Hong Kong in respect of dividends or other income distributions of the Fund.

Stamp duty

No Hong Kong stamp duty will be payable by the Shareholders on the issue or transfer of Shares in the Fund.

THE PRC

The information below is a summary of certain areas of PRC taxation which are likely to be relevant to the Fund and the Shareholders and should not be taken as a definitive, authoritative or comprehensive statement of the relevant matter. In particular, there are various other taxes, duties, levies and charges which are generally of less significance but may nevertheless be applicable to the Fund and the Shareholders.

Income tax

The Foreign Investment Enterprise and Foreign Enterprise Income Tax Law of the PRC (“Income Tax Law”) promulgated by the National People’s Congress on 9 April 1991, which came into effect on 1 July 1991, is relevant to any investment by the Fund in a foreign investment enterprise. This law is

implemented by the Detailed Implementation Rules of the Foreign Investment Enterprise and Foreign Enterprise Income Tax Law promulgated by the State Council on 30 June 1991.

After its formation, any enterprise in the form of an equity joint venture, co-operative joint venture or wholly foreign owned enterprises (collectively, “FIEs”) must pay income tax according to the Income Tax Law and its implementation rules. A FIE is required to pay income tax to the local tax authorities in the place where the enterprise is located. Provisional income tax is paid quarterly and this is reconciled on an annual basis.

FIEs are generally required to pay income tax at the rate of 30%, as well as a local surtax of 3% on the same taxable income, giving rise to an effective income tax rate of 33%. However, FIEs established in the Special Economic Zones (“SEZs”) are subject to income tax at a reduced rate of 15% on income arising from operation within such SEZs. In addition, depending on the industry which the FIEs are classified under and upon meeting certain conditions, these FIEs could be entitled to income tax incentives which would reduce the abovesaid income tax rates.

After-tax profits or dividends paid to a foreign investor from a FIE are tentatively exempt from withholding income tax in China.

Withholding tax

The Directors intend that the affairs of the Fund will be conducted so that it will not have an establishment in China, although no guarantee in this regard can be given. A foreign company that does not have any establishment in the PRC but earns certain types of income (including interest, royalty, rental and capital gain) directly from sources in the PRC is liable to pay a withholding tax of its income derived from the PRC. Gains derived from the transfer of equity interests in FIEs are subject to the withholding tax on PRC sourced income. Currently, after-tax or tax-exempt profits or dividends paid by FIEs to their foreign investors are exempt from withholding tax.

Withholding tax was levied at the rate of 20%. Effective 1 January 2000, the withholding tax rate has been reduced to 10% by the State Council for interest, royalty, rental and capital gain to foreign companies.

Foreign investors receiving dividends and gains from the sale of “B” shares are exempt from withholding tax provisionally according to the circular Guoshuifa 1993 No. 45 promulgated by the State Administration of Taxation on 21 July 1993.

Business tax

A foreign company receiving interest, royalty and rental is also subject to 5% business tax in addition to the withholding tax.

Stamp tax

From 1 January 1994 all FIEs and foreign enterprises are subject to stamp tax on all taxable documents listed in the Stamp Tax Regulations. Stamp tax is levied on the execution or receipt in China

of certain documents, including contracts for the transfer of equity interests in FIEs, the sale of “A” shares and “B” shares in stock exchanges, the sale of goods, the undertaking of processing work, the contracting of construction and engineering projects, leases, loans, and agency and other nontrade contracts. Stamp tax is also levied on documents effecting the transfer of property, business account books and certification in evidence of rights and licenses.

The rates of stamp tax vary. The stamp tax rate is 0.05% on the transfer of equity interests in FIEs, payable by both the transferor and the transferee. According to the PRC Finance Bureau, the stamp tax rate for the transfer of “B” shares is 0.1% (payable by both transferor and transferee) effective 24 January 2005. For loan agreement, the stamp tax rate is 0.005% and this is payable by both the lender and the borrower.

FURTHER INFORMATION ABOUT THE FUND**THE FUND**

The Fund is an open-ended mutual fund corporation incorporated with limited liability in the Cayman Islands on 16 January 2002 as an exempted company under the provisions of the Companies Law. Its constitution is defined in the Memorandum and the Articles. The Fund's objects, as set out in clause 3 of the Memorandum, are unrestricted and include the carrying on of the business of an investment company. Copies of the Memorandum and the Articles and the Companies Law are available for inspection as described in the sub-section headed "Documents available for inspection" below.

The Fund has established a principal place of business in Hong Kong at Level 14, Three Pacific Place, 1 Queen's Road East, Hong Kong. It has been registered as an overseas company under Part XI of the Companies Ordinance.

MUTUAL FUNDS LAW

The Fund is registered as a mutual fund under the Mutual Funds Law. Registration under the Mutual Funds Law entails the filing of prescribed details and audited accounts annually with the Authority. However, the Fund will not be subject to supervision in respect of its investment activities or the constitution of the Fund's portfolio by the Authority or any other governmental authority in the Cayman Islands, although the Authority does have power to investigate the activities of the Fund in certain circumstances. Neither the Authority nor any other governmental authority in the Cayman Islands has passed upon or approved the contents of this explanatory memorandum or assessed the merits of an investment in the Shares. There is no investment compensation scheme available to investors in the Cayman Islands.

As a regulated mutual fund the Fund is subject to the supervision of the Authority and the Authority may at any time instruct the Fund to have its accounts audited and to submit them to the Authority within such time as the Authority specifies. Failure to comply with these requests by the Authority may result in substantial fines on the part of the Directors and may result in the Authority applying to the court to have the Fund wound up.

The Authority may take certain actions if it is satisfied that a regulated mutual fund is or is likely to become unable to meet its obligations as they fall due or is carrying on or is attempting to carry on business or is winding up its business voluntarily in a manner that is prejudicial to its investors or creditors. The powers of the Authority include the power to require the substitution of Directors, to appoint a person to advise the Fund on the proper conduct of its affairs or to appoint a person to assume control of the affairs of the Fund. There are other remedies available to the Authority including the ability to apply to court for approval of other actions.

MEETINGS OF SHAREHOLDERS

The Articles provide for meetings of Shareholders to be convened by the Board upon at least 21 days' notice.

Notices of meetings of Shareholders will be posted to Shareholders.

Proxies may be appointed. The quorum at Shareholders' meetings is Shareholders present in person or by proxy holding not less than 10% (or, in relation to a resolution proposed as a special resolution, 25%) of Shares in issue. If a quorum is not present, the meeting will be adjourned for not less than 15 days. Separate notice of any adjourned meeting will be given, and at an adjourned meeting, Shareholders, whatever their number or the number of Shares held by them, will form a quorum.

A special resolution is required under the Articles for certain purposes and is a resolution proposed as such and passed by a majority of 75% of the total number of votes cast.

The Articles provide that at any meeting of Shareholders, a resolution put to the vote of the meeting shall be decided on poll. Every Shareholder who (being an individual) is present in person or (being a partnership or corporation) is present by an authorised representative or by proxy shall have one vote for every Share of which he is the holder.

AMENDMENT TO THE MATERIAL CONTRACTS

The constitutive documents referred to under "Material Contracts" below may only be altered by the Fund or the other parties if the Custodian certifies in writing that in its opinion the proposed alteration:

- (a) is necessary to make possible compliance with fiscal or other statutory or official requirements;
- (b) does not materially prejudice Shareholders' interests, does not to any material extent release the Custodian or Manager from any liability to Shareholders and does not increase the cost and charges payable from the Fund; or
- (c) is necessary to correct manifest error.

In all other cases no alteration may be made except by special resolution of Shareholders or the approval of the SFC. No alteration may be made to the Articles except by special resolution of Shareholders.

MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Fund prior to the date of this explanatory memorandum and are, or may be, material:

(i) Investment Management Agreement

An Investment Management Agreement dated 26 March 2007 between the Fund and the Manager whereby the Fund appointed the Manager, subject to the control of and review by the Directors, to manage the Investments.

The Investment Management Agreement may be terminated forthwith by any party on immediate written notice if the other party commits any material breach of its obligations and fails to remedy the breach within thirty days of receipt of written notice requiring the same, or if the other party is liquidated or dissolved (except a voluntary liquidation or a voluntary dissolution for the purposes of reconstruction or amalgamation upon terms previously approved in writing by the notifying party) or is unable to pay its debts as they fall due or commit an act of bankruptcy under the laws of any jurisdiction to which that party may be subject or if a receiver is appointed over any of its assets.

The Manager must also retire if the Directors, for good and sufficient reason, state in writing that a change in manager is desirable in the interests of the Shareholders, or when the SFC withdraws its approval of the Manager.

The Manager will not be liable for any loss suffered by the Fund in connection with the performance by the Manager of its obligations under the Investment Management Agreement in the absence of fraud, wilful default or negligence on the part of the Manager in the performance or non-performance of its obligations and duties under the Investment Management Agreement. The Fund has agreed to indemnify the Manager against all liabilities incurred by it in the performance of its obligations and duties under the Investment Management Agreement other than liabilities arising out of the fraud, wilful default or negligence on the part of the Manager in the performance or non-performance of its obligations and duties. The Manager is entitled to receive the fees described in the sub-section headed “Management and performance fees” in the “Investment management” section of this explanatory memorandum.

(ii) Custodian Agreement

A Custodian Agreement dated 26 March 2007 between the Fund and the Custodian whereby the Fund has appointed the Custodian as custodian of the Investments. Under the Custodian Agreement, the Custodian is responsible for the safekeeping of the Investments entrusted to it. The appointment of the Custodian commences from the date of the Custodian Agreement. The Custodian Agreement may be terminated by either party on the giving of at least 90 days’ written notice to the other party (or such shorter notice as such other party may agree to accept) expiring at any time. However, each party may terminate the Custodian Agreement at any time by written notice with immediate or subsequent effect if either party goes into liquidation (except a voluntary liquidation for the purpose of reconstruction, amalgamation or merger on terms previously approved in writing by the other party), or if a receiver is appointed to any of the assets of such other party or if either party is in breach of any material terms of the Custodian Agreement without remedying such breach within 30 days after service of notice. The Custodian is entitled to receive the fees described in the sub-section headed “Custodian and Administrator fees” in the “Investment management” section of this explanatory memorandum.

The Custodian is entitled to be indemnified from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (other than those resulting from the fraud, negligence or wilful default on the part of the Custodian or any agent, sub-custodian or delegate appointed by it and for which it would be liable under the custodian agreement) which may be imposed on, incurred by or asserted against the Custodian in performing its obligations or duties.

In performing its duties, the Custodian may appoint such agents, sub-custodians and delegates as it thinks fit to perform in whole or in part any of its duties and discretions (included in such appointment are powers of sub-delegation). The fees and other remuneration of any agent or delegate appointed by the Custodian including the fees of any sub-custodian appointed in respect of Hong Kong and China listed securities (excluding PRC A shares) will be paid by the Custodian. Any fees and other remuneration of any other sub-custodians shall be paid by the Fund. The Custodian will be liable for the acts of such agents, sub-custodians and delegates as if such acts were the acts of the Custodian. The Custodian will not (except in circumstances provided in the Custodian Agreement) be responsible for any loss suffered by the Fund by reason of liquidation, bankruptcy or insolvency of any agent, sub-custodian or delegate but will use reasonable endeavours to recover any property held by such person, and recover any losses or damages suffered by the Fund as a direct consequence.

The Custodian does not have sub-custodians in all markets where Securities may be traded. The Custodian will advise the Fund as to such markets from time to time and the Fund will not invest in such markets without the prior written approval of the Custodian.

(iii) Administration Agreement

An Administration Agreement dated 26 March 2007 between the Fund and the Administrator whereby the Fund has appointed the Administrator as administrator of the Fund. Under the Administration Agreement, the Administrator is responsible for providing corporate secretarial services and administrative services required in connection with the Fund's operations, calculating the Net Asset Value, the Net Asset Value per Share, the subscription price and the redemption price, providing services in connection with the issue, transfer and redemption of Shares and collecting subscription payments and disbursing redemption payments. The Administrator is also responsible for providing a principal office in the Cayman Islands for the Fund under the Administration Agreement.

The appointment of the Administrator commences from the date of the Administration Agreement. The Administration Agreement may be terminated by either party on the giving of at least 90 days' written notice to the other party (or such shorter notice as such other party may agree to accept) expiring at any time. However, each party may terminate the Administration Agreement at any time by written notice with immediate or subsequent effect if either party goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation on terms previously approved in writing by the other party), or if a receiver is appointed to any of the assets of such other party or if either party is in breach of any material terms of the Administration Agreement without remedying such breach within 30 days after service of notice.

The Administrator is entitled to be indemnified by the Fund against all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (other than those resulting from the fraud, negligence or wilful default on the part of the Administrator) which may be imposed on, incurred by or asserted against the Administrator in performing its obligations or duties.

In calculating the Net Asset Value of the Fund or any class the Administrator may rely upon, and will not be responsible for the accuracy of, financial data furnished to it by third parties including automatic processing services, brokers, market makers or intermediaries, the investment manager, and any administrator or valuations agent of other collective investments into which the Fund invests. If and to the extent that the investment manager is responsible for or otherwise involved in the pricing of any of the Fund's assets, the Administrator may accept, use and rely on such prices, without verification, in determining the Net Asset Value of the Fund and shall not be liable to the Fund, any shareholder or any other person in doing so.

The Administrator is not responsible for any failure by the Fund or the investment manager to adhere to the investment objective, policy, investment restrictions, borrowing restrictions or operating guidelines.

REGISTRATION PROCEDURES

Subject to the provisions of the Companies Law, the register of members of the Fund will be maintained outside Hong Kong by the Administrator. Unless the Directors otherwise agree, all transfers and other documents of title of Shares must be lodged for registration with and registered by the Fund's Administrator's Agent in Hong Kong and may not be lodged in the Cayman Islands.

NON-REDEEMABLE CLASS N SHARES

Non-redeemable Class N Shares were issued by the Fund prior to their delisting from the Stock Exchange on 26 March 2007. Non-redeemable Class N Shares of the Fund are closed for subscription and not being offered for subscription pursuant to this explanatory memorandum.

Aside from the sections regarding subscription and redemption of Shares, other material terms of this explanatory memorandum governing the Redeemable Class A Shares also apply to the Non-redeemable Class N Shares.

Subject to the provisions of the Companies Law and the Articles, a Shareholder may request the purchase by the Fund of all or any of its Non-redeemable Class N Shares by serving a purchase notice in such form as the Board may from time to time determine on the Fund or its agent specifying the number of Non-redeemable Class N Shares to be purchased and giving payment instructions for the purchase proceeds.

Requests for the repurchase of Non-redeemable Class N Shares in the Fund must be received (whether by post or by fax) by the Manager on or before 5:00 p.m. (Hong Kong time) on a Business Day which falls within the period from the 10th to 15th day of each calendar month (or such other days as the Manager may permit at its discretion) to be dealt with by reference to the Valuation Day (which coincides with the close of that Dealing Period) in that calendar month.

If a request (whether sent by post or by fax) is received before the 10th day of a calendar month, it will be deemed to have been received on the 10th day of that calendar month (or if that day is not a Business Day, the next following Business Day) and will be dealt with in the same Dealing Period and with reference to the Valuation Day coinciding with the close of such Dealing Period.

If a request (whether sent by post or by fax) is received after the 15th day of a calendar month, it will be deemed to have been received on the 10th day of the next calendar month (or if that day is not a Business Day, the next following Business Day) and will be dealt with in the next Dealing Period and with reference to the Valuation Day coinciding with the close of such succeeding Dealing Period.

The original signed repurchase request (duly completed) and all other supporting documents, if any are required, must be received by the Manager before repurchase proceeds will be paid to the relevant Shareholder. No repurchase proceeds will be paid to third parties.

No repurchase charge will be imposed on any repurchase of Non-redeemable Class N Shares.

In determining the repurchase price, the Manager is entitled to deduct from the Net Asset Value per Share for the account of the Fund, an amount which it considers to be an appropriate allowance (not exceeding 1% of such Net Asset Value per Share) for fiscal and sale charges incurred or which would be incurred by the Fund in realising assets to provide sufficient repurchase proceeds, but it is not the present intention of the Manager to make any deduction except in the case of abnormally large repurchases of Non-redeemable Class N Shares where the repurchase proceeds are in excess of HK\$15,600,000.

The Fund shall repurchase Non-redeemable Class N Shares at a price being an amount equal to the Net Asset Value per Share calculated on the relevant Valuation Day, minus all applicable allowance (if any) and rounded the resultant amount to the nearest two decimal places and monies representing any difference between the resultant amount and the amount arrived at after the rounding exercise shall be absorbed by the Fund.

Repurchase proceeds will normally be paid in Hong Kong dollars by telegraphic transfer according to instructions given by the relevant Shareholder(s) to the Manager or by cheque made in favour of, and sent at the risk of the person(s) entitled thereto to the registered address of the Shareholder or (in the case of joint Shareholders) the first named joint Shareholder appearing on the register of Shareholders. If there is no delay in submitting all duly completed repurchase documentation and the determination of the Net Asset Value or dealing in Shares is not suspended, the interval between the receipt or deemed receipt (as the case may be) of a properly documented request for repurchase of Non-redeemable Class N Shares and payment of repurchase proceeds to the Shareholders may not exceed one calendar month.

All bank charges and administrative costs incurred in settling repurchase proceeds to the Shareholder(s) will be borne by the relevant Shareholder(s) and deducted from the repurchase proceeds. Any risks arising from delay in clearance of funds by banks or from sending out the cheque by post will be borne by the relevant Shareholders.

With the prior consent of the Manager, arrangements can be made for repurchase proceeds to be paid in any major currency other than Hong Kong dollars. Such alternative settlement instructions should be specified in the repurchase request. The costs of any currency conversion (to be effected at such rates as the Manager may, in its discretion, deem appropriate) and other administrative expenses will be borne by the relevant Shareholder(s).

With a view to protecting the interests of Shareholders, the Manager may limit the total number of Redeemable Class A Shares redeemed and Non-redeemable Class N Shares repurchased during any

Dealing Period to 10% in aggregate of the total number of Redeemable Class A Shares and Non-redeemable Class N Shares in issue of the Fund. Such limitation will be applied pro rata to all Shareholders who have requested such redemption or repurchase. If the total redemption and repurchase requests received during any Dealing Period are in excess of this limit, the Manager will be entitled (but not obliged) to carry out only sufficient redemptions and/or repurchases which, in aggregate, amount to 10% of the total Redeemable Class A Shares and Non-redeemable Class N Shares in issue at the relevant time. Redemption requests for Redeemable Class A Shares which are not redeemed and repurchase requests for Non-redeemable Class N Shares which are not repurchased but which would otherwise have been redeemed or repurchased will be deferred until the next Dealing Period and will be dealt with (subject to further deferral if the deferred requests themselves exceed 10% of the total Redeemable Class A Shares and Non-redeemable Class N Shares in issue) in priority to later redemption and repurchase requests.

Partial repurchases may be effected. However, if a repurchase request will result in a Shareholder having a residual holding of less than HK\$80,000, or such other minimum holding prescribed by the Manager from time to time in respect of the Non-redeemable Class N Shares, the Manager may deem such repurchase request to have been made in respect of all the Non-redeemable Class N Shares held by that Shareholder.

An applicant is entitled to withdraw a repurchase request duly made in accordance with the Articles provided that the notice of withdrawal is received prior to the deadline for receiving repurchase requests as set out above.

Notwithstanding any provisions of the Articles, the Fund may, in the absolute discretion of the Directors, refuse to make a repurchase payment to a Shareholder if the Directors suspect or are advised that the payment of any repurchase proceeds to such Shareholder may result in a breach or violation of any anti-money laundering law by any person in any relevant jurisdiction, or if such refusal is necessary to ensure compliance by the Shareholder, the Directors or the Administrator with any anti-money laundering law in any relevant jurisdiction.

The Directors may also in their absolute discretion, repurchase compulsorily any Non-redeemable Class N Shares held by a Non-eligible Investor at a price equivalent to the Net Asset Value per Share as of the Valuation Point immediately prior to the date on which the Directors determine that such repurchase is to take effect. No Shareholders' resolution is required. Any Non-redeemable Class N Shares repurchased compulsorily under the Articles shall be treated as cancelled on repurchase and the amount of the Fund's issued share capital shall be diminished by the nominal value of those Non-redeemable Class N Shares accordingly.

Pursuant to the Articles, upon notice that any of the Non-redeemable Class N Shares are held by a Non-eligible Investor, the Directors may also require such holder to transfer his Non-redeemable Class N Shares to a person whose holding would be permissible as described in this explanatory memorandum and as permitted under the Articles. A summary of the provisions of the Articles on transfer of Shares is set out in the sub-section headed "Transfer of Shares" in the section headed "Subscription, Redemption and Transfer of Shares" of this explanatory memorandum.

MISCELLANEOUS

- (i) The Fund was incorporated on 16 January 2002.
- (ii) Save as disclosed herein, no commissions are payable and no discounts, brokerages or other special terms have been granted by the Fund for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any Shares.
- (iii) No share or loan capital of the Fund is under option or has been agreed conditionally or unconditionally to be put under option or has been issued or is proposed to be issued for a consideration other than cash.
- (iv) There are no founder, management or deferred shares in the Fund.

CAYMAN ISLANDS ANTI-MONEY LAUNDERING REGULATIONS

In order to comply with regulations of the Cayman Islands aimed at the prevention of money laundering, the Fund will require verification of identity from all prospective investors (unless in any case the Fund is satisfied that an exemption under the Money Laundering Regulations (2006 Revision) of the Cayman Islands (“Regulations”) applies). Depending on the circumstances of each subscription, a detailed verification might not be required where:

- (i) a prospective investor makes the payment for his investment from an account held in the prospective investor’s name at a recognised financial institution; or
- (ii) the prospective investor is regulated by a recognised regulatory authority and is based or incorporated in, or formed under the law of, a recognised jurisdiction; or
- (iii) the subscription is made through an intermediary which is regulated by a recognised regulatory authority and is based or incorporated in, or formed under the law of, a recognised jurisdiction.

For the purposes of these exceptions, recognition of a financial institution, regulatory authority or jurisdiction will be determined in accordance with the Regulations by reference to those jurisdictions recognised by the Cayman Islands as having sufficient anti-money laundering regulations.

The Fund, the Custodian, the Administrator, the Administrator’s Agent and the Manager reserve the right to request such information as is necessary to verify the identity of a prospective investor. In the event of delay or failure by the prospective investor to produce any information required for verification purposes, the Fund may refuse to accept the application and, if so, any funds received will be returned without interest to the account from which the monies were originally debited.

If any person who is resident in the Cayman Islands has a suspicion obtained in the course of business that any other person is engaged in money laundering that person is required to report such suspicion pursuant to the Proceeds of Criminal Conduct Law (2005 Revision) of the Cayman Islands and such report shall not be treated as a breach of any restriction upon the disclosure of information imposed by any enactment or otherwise.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the offices of Manager at Level 14, Three Pacific Place, 1 Queen's Road East, Hong Kong during normal business hours on any week day (Saturdays and public holidays excepted):

- (A) the Memorandum and Articles;
- (B) the agreements referred to in the sub-section headed "Material Contracts" of this explanatory memorandum; and
- (C) the latest annual report and accounts of the Fund prepared by the Auditor.

PROCEDURE FOR APPLICATION

METHOD OF APPLICATION

Applications for Shares may be made on the Subscription Form available from the Manager. Applications should be sent by post or by fax to the Manager at the business address or fax number set out on page 1. **All applications by prospective investors for an initial subscription of Shares which are sent by fax to the Manager must be followed by the duly signed original applications for subscription.** The Manager may, in its absolute discretion, determine whether or not such original applications are also required in respect of subsequent applications for subscription sent by fax by Shareholders.

The Manager reserves the right to reject any application in whole or in part in which case the subscription monies will be returned (without interest) by cheque or telegraphic transfer at the cost and risk of the investor.

PAYMENT PROCEDURE

No money should be paid to any intermediary in Hong Kong who is not licensed or registered to carry on Type 1 regulated activity under Part V of the Securities and Futures Ordinance. Third party cheques and cash are not accepted.

Shares will not usually be issued unless and until the signed application for subscription of Shares has been received (whether by fax or by post), and subscription monies have been received in full in cleared funds by the Administrator's Agent, in which case the relevant Shares will be issued by reference to the Net Asset Value of the Fund determined as at the close of the Dealing Period during which monies are actually received.

Please note that payment must be made in one of the following ways:

1. (a) US dollars by telegraphic transfer (**net of bank charges**) to:

| | | |
|--------------------|---|--|
| Correspondent Bank | : | HSBC Bank New York |
| SWIFT Address | : | MRMDUS33 |
| Account Name | : | HSBC Institutional Trust Services Limited – Value Partners Subscription Account |
| Account No. | : | 000-14165-8 |
| For Credit To | : | Value Partners China Greenchip Fund Limited |
| DDA No. | : | 00548529 |

(b) in HK dollars by telegraphic transfer (**net of bank charges**) to:

| | | |
|---------------|---|--|
| Bank | : | HSBC HK |
| Swift Address | : | HSBCHKHHHKH |
| Account Name | : | HSBC Institutional Trust Services Limited – Value Partners Subscription Account |
| Account No | : | 502-657802-001 |
| For credit to | : | Value Partners China Greenchip Fund Limited |
| DDA No. | : | 00548529 |

In each case the remitter should instruct the remitting bank send a SWIFT advice (format MT 103) to HSBC Institutional Trust Services (Asia) Limited (SWIFT Address: BTFEHKHH) advising details of remittance, including the name of the applicants(s), for ease of identification. Subscription monies must be originated from the applicant, no third party payment shall be permitted.

Please note that for cleared funds in US dollars or HK dollars to be received in Hong Kong prior to 5:00 p.m. on the last day of the relevant Dealing Period, payment must be made for value at least one business day in New York (for US dollars) or one Business Day in Hong Kong (for Hong Kong dollars) before the last day of such Dealing Period.

OR

2. by cheque or banker's draft in Hong Kong dollars* issued from a bank account in the name of the applicant (which should be made payable to "Value Partners China Greenchip Fund Limited" and crossed "Not Negotiable & A/C Payee Only,") and sent to:

VALUE PARTNERS LIMITED
LEVEL 14,
THREE PACIFIC PLACE,
1 QUEEN'S ROAD EAST,
HONG KONG.

bearing the name of the applicant on the reverse. Please note that for cleared funds to be received in Hong Kong prior to 5:00p.m. on the last day of the relevant Dealing Period, cheques or banker's draft have to be received by Value Partners Limited at least two Business Days in Hong Kong before the last day of such Dealing Period.

* *Please note that cheque or banker's draft in currencies other than Hong Kong dollars are not accepted.*

NOTICE OF EXTRAORDINARY GENERAL MEETING

VALUE PARTNERS CHINA GREENCHIP FUND LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1186)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“EGM”) of Value Partners China Greenchip Fund Limited (the “Company”) will be held at Level 14, Three Pacific Place, 1 Queen’s Road East, Hong Kong on Monday, 19 March, 2007 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions:

AS SPECIAL RESOLUTIONS

1. THAT, conditional on:

- (i) grant by the Securities and Futures Commission (the “SFC”) of the authorisation of the Company pursuant to section 104 of the Securities and Futures Ordinance under the SFC’s Code on Unit Trust and Mutual Funds (the “**Authorisation**”);
- (ii) approval of the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) being obtained for the voluntary withdrawal of the listing of the non-redeemable shares of HK\$0.10 each in the share capital of the Company (the “**Shares**”) from the Stock Exchange (the “**Delisting**”); and
- (iii) the passing of resolutions numbered 2 and 3 set out in the notice of EGM by the Company’s shareholders,

the revised memorandum and articles of association of the Company, in the form attached to the circular accompanying the notice of EGM, (the “**Memorandum and Articles**”) be and are hereby adopted, so as to take effect upon the Authorisation becoming or being deemed to be effective.

2. THAT, conditional on:

- (i) grant by the SFC of the Authorisation;
- (ii) approval of the Listing Committee of the Stock Exchange of the Delisting; and
- (iii) the passing of resolutions numbered 1 and 3 set out in the notice of EGM by the Company’s shareholders,

the Delisting be and is hereby approved, and that the Delisting shall take place upon the Authorisation becoming or being deemed to be effective.

NOTICE OF EXTRAORDINARY GENERAL MEETING

AS ORDINARY RESOLUTIONS

3. THAT, conditional on:
- (i) grant by the SFC of the Authorisation;
 - (ii) approval of the Listing Committee of the Stock Exchange of the Delisting; and
 - (iii) the passing of resolutions numbered 1 and 2 set out in the notice of EGM by the Company's shareholders,

the amendments to the Investment Management Agreement be and are hereby approved, subject to any further amendments and modifications which the directors of the Company (“**Directors**”) deem necessary and/or desirable, such amendments to take effect upon the Authorisation becoming or being deemed to be effective.

4. THAT, conditional on the passing of resolutions numbered 1, 2 and 3 set out in the notice of EGM, and pursuant to article 109 of the revised Articles, the Directors shall be entitled to receive by way of remuneration for their services an amount not exceeding in aggregate HK\$500,000 for the year ending 31 December 2007 and for each successive year unless otherwise determined by the Shareholders in general meetings.

By order of the board
VALUE PARTNERS CHINA GREENCHIP FUND LIMITED
So Chun Ki, Louis
Chairman

Hong Kong, 23 February 2007

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

- (1) A form of proxy for use at the meeting is enclosed.
- (2) Any member entitled to attend and vote at the meeting is entitled to appoint another person as his proxy to attend and to vote instead of him. A proxy need not be a member of the Company. In the case of a recognised clearing house, it may authorise such person(s) as it thinks fit to act as its representative(s) at the meeting and vote in its stead.
- (3) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under the common seal or under the hand of an officer or attorney so authorised to sign the same.
- (4) To be valid, the form of proxy, together with the power of attorney or other authority, if any, under which it is signed or a certified copy of such power or authority, must be deposited at the share registrar and transfer office of the Company, Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting.
- (5) Where there are joint registered holders of any share, any one of such joint persons may vote at the meeting, either personally or by proxy in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders are present at the meeting, personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
- (6) Mr. Cheah Cheng Hye will abstain from voting in favour of resolution numbered 2 at this meeting, although he may vote against this resolution if he so wishes.