

Figures as of April 30, 2012
 Net Asset Value USD 113.89, CHF 80.43, EUR 110.66
 Fund Size USD 113.4 million
 Inception Date* May 27, 2003
 Cumulative Return 223.8% in USD
 Annualized Return 14.1% in USD

* The track record is the combination of two consecutive track records of China Investment Corporation (CIC) and HSZ China Fund (HCF). From May 27, 2003 to November 17, 2006 it is the performance of CIC, a trust account managed by HSZ (Hong Kong) Limited for listed Chinese equities. Since the launch of HCF on November 17, 2006 it is the performance of HCF.

Net Asset Value (Monthly)



Performance

| | April | YTD | 1 Year | Nov 17, 06 |
|-----------|-------|-------|---------|------------|
| USD Class | 3.6% | 14.1% | (18.8%) | 13.9% |
| CHF Class | 4.0% | 10.1% | (17.8%) | (19.6%) |
| EUR Class | 4.3% | 5.5% | (9.1%) | 10.7% |

Largest Holdings

| | | |
|-----------------------------|------|--|
| AAC Technologies | 6.9% | |
| China Merchants Bank | 6.6% | |
| Vinda International Holding | 5.9% | |
| Wharf (Holdings) Ltd | 5.6% | |
| Ping An Insurance | 5.6% | |
| Golden Eagle | 5.2% | |

Exposure

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|------------------------|-------|--|
| Consumer Discretionary | 28.3% | |
| Financials | 27.4% | |
| Industrials | 17.9% | |
| Consumer Staples | 15.4% | |
| Energy | 4.7% | |
| Cash | 6.4% | |

Newsletter April 2012

- Chinese economy to re-accelerate after first quarter
- Shimao's contracted sales surges in March
- Shenguan achieves 27 percent earnings growth
- China Merchants Bank delivers superior ROE in first quarter

China's real GDP growth decelerated to 8.1 percent year on year in the first quarter this year, from 8.9 percent in the preceding period. The estimated quarter on quarter growth also moderated to 7.4 percent on an annualized basis. However, the recent macro indicators pointed to a decent pick-up in economic activities, helped by the pre-emptive and accommodative policy easing. Both retail sales and industrial production accelerated in March, growing at 15.2 percent and 11.9 percent respectively. Newly extended lending came in at CNY 1.01 trillion in March, from CNY 710 billion in February, with loan growth accelerated to 15.7 percent. We believe GDP growth has bottomed out in the first quarter and is expected to regain momentum in the quarters to come.

Shimao's revenue for the full year of 2011 increased 20 percent year on year to CNY 26 billion on the back of 18 percent increase in the selling price and 2 percent increase in the gross floor area (GFA). Net profit grew 23 percent to CNY 5'723 million. The home purchase restriction policy has affected the sales performance of the company last year, but management has adopted a more flexible strategy on project planning and increased the proportion of small units in order to meet the strong demand from first home buyers. For its CNY 60 billion saleable resources this year, 42 percent and 38 percent are small and medium units with GFA less than 90 sqm and 144 sqm. The improvement in the product mix is successful and the contracted sales in March hit a record high of CNY 4.3 billion, which jumped 115 percent year on year.

Shenguan's turnover grew 30.3 percent year on year to CNY 1'502 million driven by 31.4 percent increase in the sales volume. The selling price remained stable at CNY 0.44 per meter. Despite an inflationary environment, the company demonstrated an excellent cost management skill as the unit cost of raw materials decreased by 10.2 percent while the unit cost of labor and utilities increased slightly by 1.4 percent and 2.6 percent respectively. Net profit grew 27 percent to CNY 654 million and dividend per share increased by 25 percent to HKD 10 cent per share.

China Merchants Bank (CMB) reported a 40 percent increase in net profit to CNY 36 billion in 2011 with net interest margin expanded 41 basis points to 3.06 percent. Deposit from customers increased by 17 percent year on year to CNY 2'220 billion despite the industry being struggled by the outflow of deposit. Non-performing loan ratio improved 12 basis points to 0.56 percent at the end of 2011. In the first quarter of 2012, CMB's net profit surged 32 percent with return on equity (ROE) coming in at 27.2 percent, which is much higher than the industry's average of 25 percent increase in earnings and ROE at 23.5 percent.

General Information

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| Name | HSZ China Fund |
| Theme | Entrepreneurial China |
| Nature | Long-only equity fund, actively managed |
| Focus | Listed Chinese equities focusing on privately controlled companies |

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|------------------|---|
| Structure | Swiss investment fund, regulated by FINMA, open-ended |
| Distributions | Income annually |
| Fiscal Year End | December 31 |
| Reporting | Semi-annually in USD |
| Currency Classes | USD, CHF, EUR (all unhedged) |
| Trading | Daily issuance and redemption, based on net asset value |

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|--------------------|--|
| Fund Manager | Swiss Investment Company SIC Ltd., Zurich |
| Custodian Bank | Credit Suisse AG |
| Investment Manager | HSZ (Hong Kong) Limited, Hong Kong |
| Auditors | KPMG Ltd. |
| Management Fee | 1.5% annually |
| Performance Fee | 10% above hurdle rate of 5%, high water mark |
| Issuance Fee | Maximum 5% |
| Redemption Fee | None |

| | |
|------------------|---|
| USD Class | ISIN CH0026828035, Valor 2682803 WKN A0LC13 Bloomberg HSZCHID SW Equity |
| CHF Class | ISIN CH0026828068, Valor 2682806 WKN A0LC15 Bloomberg HSZCFCH SW Equity |
| EUR Class | ISIN CH0026828092, Valor 2682809 WKN A0LC14 Bloomberg HSZCHEU SW Equity |
| Orders via Banks | Credit Suisse AG Mrs. Anita Wobmann Execution CS Fonds & 3rd Party SEBF 12, 8070 Zurich, Switzerland Tel: +4144 644 4254 Fax: +4158 205 7097 |

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|-------------------|--|
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|-------------------|--|

Investment Opportunity

Once the world's largest trading power, China's gradual decline during the second millennium culminated in the Maoist purgatory. However, since the 1980s economic development has taken center stage. China has become the engine of the fastest growing region in the world attracting substantial foreign investments and developing into the world's manufacturing hub. Furthermore, an increasing middle class is fuelling demand for consumer products. The growth momentum is set to continue as China strives to catch up with mature economies, producing attractive investment opportunities.

Investment Strategy

The objective of HSZ China Fund is to create sustained shareholder value by acquiring and managing equity and equity-linked investments in a select number of high-quality companies that are rooted in China. At least two-thirds of the total assets are to be invested in companies which are domiciled in China or participate as holding companies in enterprises domiciled there. At most one-third of the total fund volume can be invested in equity oriented stocks and money market instruments of issuers worldwide. Based on fundamental analysis and a bottom up approach, investment opportunities are identified that are assessed to provide above-average return on invested capital, have strong earnings per share growth and are priced attractively.

Risk Management

The Chinese stock market has many of the particular risks and characteristics of emerging markets. HSZ (Hong Kong) Limited exerts itself for reducing specific risks by accurately screening and monitoring high quality assets. That is why the long-lived experience of its specialists based locally is invaluable for investors. The fund is well diversified to avoid concentration risk. The weight of each position in the portfolio is subject to a maximum limit of 15%. No portfolio leverage is employed. The fact that HSZ China Fund invests in listed equity provides the investor with a reasonable degree of liquidity.

Investment Manager

HSZ (Hong Kong) Limited is a Hong Kong based independent investment management company. Its investment team has been managing Asian equity portfolios since 1994.