

Press Release

HSZ Group and AIG Private Bank Group launch HSZ China Fund

HSZ China Fund is the first Swiss investment fund for Chinese equities managed in Hong Kong

- The economic rise of China still rests to a large extent on the development of state-controlled companies. A still small but fast growing contribution is made by privately owned companies.
 - HSZ China Fund is the first China Fund focusing on the owner-led segment of the Chinese stock market.
 - HSZ China Fund combines the local expertise of HSZ Group with the strength of AIG Private Bank Ltd. a subsidiary of American International Group ("AIG"), world leaders in insurance and financial services in the structure of a Swiss investment fund supervised by the Swiss Federal Banking Commission ("SFBC").
 - HSZ Group creates value by carefully managing from Hong Kong selected investments in listed Chinese companies. The investor benefits from the liquidity and quality connected to a Swiss investment fund.
 - With a view to the still small investment universe the initial placement of HSZ China Fund in November 2006 was aimed at USD 140 million and could be reached.
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Zurich, December 18, 2006 - HSZ Group, the Hong Kong and Zurich based investment management company, and AIG Private Bank Group launch HSZ China Fund, the first Swiss investment fund for Chinese equities managed in Hong Kong. The fund focuses on listed Chinese companies that are privately owned. The initial placement of the fund was aimed at USD 140 million and this aim could be reached.

State Control and Private Sector

More than 90% of aggregate market capitalization of listed Chinese companies are made up by state-controlled companies. The segment of privately owned companies is young and still small. As China opens up gradually to become a market economy the share of owner-managed companies is growing rapidly. Attractive investment opportunities are expected to arise.

First Investment Fund Focusing on the Chinese Entrepreneur

HSZ China Fund is the first fund for Chinese equity globally that focuses on privately managed companies. Since this segment is young, most of the companies are still small and relatively unknown. The fund will benefit from both growing earnings and increasing name recognition of these companies.

Well Embedded Local Expertise

HSZ Group is responsible for the investment management of HSZ China Fund. The team has been managing Asian equity portfolios since 1994. Dr. Hans-Rudolf Schmid leads the group from Hong Kong. It employs a staff of 11 in Hong Kong and 4 in Zurich. AIG Private Bank Ltd., Zurich, and its subsidiary AIG Fund Management (Switzerland) Ltd. are the fund's custody bank and fund manager respectively. The Swiss private bank offers investors access to both the security and know-how of its parent company American International Group, Inc. ("AIG"), world leaders in insurance and financial services. The fund investors enjoy the protection of the Swiss Federal Banking Commission ("SFBC"), the fund's supervising authority.

Careful Stock Picking and Liquidity

HSZ Group creates value carefully managing from Hong Kong selected investments in listed Chinese companies. Based on fundamental analysis and a bottom up approach attractive investments are made according to the principle of "growth at a reasonable price". Relying on its own research the group is well positioned to make investments in companies before they become known to a wider public. Given the daily redemption right of a Swiss investment fund the fund investor enjoys a high degree of liquidity.

Initial Placement

The initial placement of HSZ China Fund was made in November 2006. Considering the still relatively small universe of qualifying companies the fund volume was aimed at USD 140 million. Until midyear new subscriptions are sought only in the amount of occurring redemptions. For the time being, HSZ China Fund is registered for distribution in Switzerland only.

HSZ Group

HSZ Group is an independent investment management company specializing in Asian equities. Founded in 1999, the group is present in Hong Kong and Zurich. Since 2006, Dr. Hans-Rudolf Schmid is leading the partnership from Hong Kong.

AIG Private Bank Group

Founded in 1965, AIG Private Bank Ltd. is a Swiss private bank present in Zurich, Geneva, Hong Kong, Singapore, Shanghai and Sao Paulo. Through its subsidiary, AIG Fund Management (Switzerland) Ltd., the bank has been a long-standing participant in the fund industry. The Swiss private bank is a subsidiary of American International Group, Inc. ("AIG"), world leaders in insurance and financial services.

Dr. Andreas Eppenberger
HSZ Group
Börsenstrasse 26
8001 Zürich

Telefon: +4144 288 9595
Telefax: +4144 288 9596
ae@hszgroup.com