
POTENTIAL CONFLICTS OF INTEREST

The shareholders of the Investment Manager and their respective employees may make investments for their own account without any obligation to offer any such investment opportunities to the Company. The Investment Manager, its shareholders and their respective employees (each an "Interested Party") may also promote, manage, advise, sponsor or be otherwise involved in investment funds which have similar investment objectives to the Company and which invest in securities of companies established or operating in China. If any Interested Party is so involved, the directors of the Investment Manager and its shareholders will disclose any such involvement to the boards of the Company and the Investment Manager. The board of the Investment Manager will adopt guidelines to deal with any potential or perceived conflict of interests.

An Interested Party (but not the Investment Manager) may provide management assistance or other services to companies or enterprises in which the Company has an investment or to companies or enterprises in the same industry. The Company will not participate in any benefits which any Interested Party may receive in connection with such services. An Interested Party may contract or enter into any financial, banking, currency or other transaction with the Company or with any investee company or enterprise and shall not be obliged to account to the Company in respect of any benefit derived therefrom. An Interested Party may act as underwriter or placing agent for an issue of securities some of which are acquired by the Company and receive a commission or other compensation in connection therewith. An Interested Party may also receive any commission or other compensation which it may negotiate in relation to any sale or purchase of any investments by the Company, and shall also be entitled to charge and retain such brokerage, commission or rebate of commission or other compensation or charges in respect of the purchase or sale of investments effected by or through it as the Company would otherwise have had to pay had the relevant transaction been executed through an independent third party.

Unless a waiver is received from the Stock Exchange in any particular case, all the requirements in respect of connected transactions under Chapter 14 of the Listing Rules will be complied with if any such transaction as is referred to in the second paragraph of this section constitutes a connected transaction.

China Merchants Holdings has undertaken to the Company that in the event of any proposed acquisitions or realisations of investments from or to CMG (or any of its subsidiary or associated companies), CMG will abstain from voting (and will procure its nominees on the Board or on the Investment Committee do likewise) on any such proposed acquisition or realisation.