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**If you have sold or otherwise transferred all of your Ordinary Shares, you should pass this Circular and the enclosed Form of Proxy as soon as possible to the purchaser or transferee or to the stockbroker, bank or other person through whom the sale or transfer was effected for transmission to the purchaser or transferee. However, such documents should not be forwarded or transmitted in or into any jurisdiction if to do so would constitute a violation of applicable laws and regulations in such other jurisdiction.**

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## **VISION OPPORTUNITY CHINA FUND LIMITED**

*(a closed-ended investment company incorporated in Guernsey with registered number 47999)*

### **Proposed Change of Investment Policy and Capital Return to Shareholders and Notice of Extraordinary General Meeting**

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The proposed amendments to the Company's investment policy and the proposed return of capital to Shareholders described in this Circular are conditional on Shareholder approval at an extraordinary general meeting. Notice of an extraordinary general meeting of the Company to be held at Sarnia House, Le Truchot, St Peter Port, Guernsey, GY1 4NA at 11.00 a.m. on 12 August 2011 is set out at the end of this Circular.

The accompanying Form of Proxy for use by Shareholders at the Extraordinary General Meeting should be completed and returned in accordance with the instructions printed thereon so as to be received by the Company's registrars, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible and in any event not later than 11.00 a.m. on 10 August 2011. The completion and return of a Form of Proxy will not preclude Shareholders from attending the extraordinary general meeting and voting in person should they wish to do so.

#### **Forward-looking statements**

All statements other than statements of historical facts included in this Circular, including, without limitation, those regarding the Company's investment strategy and prospects, statements relating to expectations in relation to Shareholder returns or statements preceded by, followed by or that include the words "targets", "believes", "expects", "aims", "intends", "plans", "will", "may", "anticipates", "would", "could" or similar expressions or the negative thereof, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company's control that could cause the actual results, performance or achievements of the Company or returns to Shareholders to be materially different from future results, performance, achievements or returns expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future investment strategy and the environment in which the Company will operate in the future.

This Circular contains certain forward-looking statements based on assumptions and expectations of future performance, taking into account currently available information. These assumptions and expectations may change as a result of many possible events or factors, not all of which are known. These forward-looking statements speak only as at the date of this Circular. The Company is not obliged, and does not intend, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent required by any applicable law or regulation, including the Guernsey Registered Collective Investment Schemes Rules 2008 and the AIM Rules for Companies.

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## EXPECTED TIMETABLE\*

Latest time and date for receipt of Forms of Proxy for the EGM	11.00 a.m. on 10 August 2011
Time and date of the EGM	11.00 a.m. on 12 August 2011
Result of EGM announced	12 August 2011
Shares commence trading without the right to receive the Capital Return, assuming the relevant resolution is passed at the EGM (what would typically be referred to as the ex-dividend date)	17 August 2011
Record date for participation in Capital Return	6.00 p.m. on 19 August 2011
Payment date for Capital Return	30 August 2011

*\* Each of the times and dates in the above table is based on the Company's current expectation and is subject to change. All times are London times.*

*Any changes to the expected timetable will be announced via a Regulatory Information Service.*

**PART I**  
**LETTER FROM THE CHAIRMAN**

**VISION OPPORTUNITY CHINA FUND LIMITED**

*(a closed-ended investment company incorporated in Guernsey with registration number 47999)*

*Directors:*

Christopher Norman Fish (*Chairman*)  
David William Benway  
John Edward Hallam  
Dr. Christopher Keith Polk  
Ruiping Wang

*Registered Office:*

Suites 13 & 15  
Sarnia House  
Le Truchot  
St Peter Port  
Guernsey  
GY1 4NA

21 July 2011

**To Shareholders**

Dear Sir or Madam,

**Proposed change to the Company's Investment Policy and Return of Capital to Shareholders**

**Introduction**

The Company announced on 24 May 2011 that the Board is recommending that the Company should not make any new investments, should seek to realise its remaining investments in an orderly fashion and should return surplus cash to Shareholders from time to time. As implementation of the Board's recommendation will constitute a material change to the Company's investment policy, such change must be approved by Shareholders (in the form of an ordinary resolution) at an extraordinary general meeting.

The Company has already realised a number of investments in accordance with its existing investment policy and the Company now has a significant amount of cash and cash equivalents (US\$28.4 million as at 15 July 2011). The Board is proposing to return US\$20 million of this amount to Shareholders at this stage. The Board has been in discussions with its advisers to determine appropriate mechanisms for returning surplus cash to Shareholders and has decided that, on this occasion, the most appropriate mechanism is a pro rata return of capital of US\$0.3063 per Ordinary Share. This return must also be approved by Shareholders (in the form of an ordinary resolution) at an extraordinary general meeting.

The purpose of this Circular is to provide you with details of the Board's proposals and to convene an extraordinary general meeting of the Company at which resolutions will be proposed to approve a proposed change of investment policy and return of capital to Shareholders. This letter sets out the reasons why I and the rest of the Board are unanimously recommending that you vote in favour of the Resolutions.

The Company has convened an extraordinary general meeting for 11.00 a.m. on 12 August 2011. Whether or not you intend to be present at the EGM, you are requested to complete and return the accompanying Form of Proxy in accordance with the instructions printed thereon, so as to be received by the Company's registrar, at Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible, and in any event not later than 11.00 a.m. on 10 August 2011.

### **Changes to the Company's Investment Policy**

In view of the Company's recent performance and the current adverse conditions in the financial markets and uncertain outlook for smaller US-listed Chinese companies, and after consulting Shareholders representing the majority of the issued share capital, the Directors have concluded that the Company's investments should be realised in an orderly manner and surplus cash returned to Shareholders. Pending the EGM, the Board has instructed the Investment Manager to make no further investments other than in cash equivalents. Within the parameters of the existing investment policy, the Investment Manager has already realised the Company's investments in China Gerui Advanced Materials Group Ltd. (NASDAQ:CHOP), China Security & Surveillance Technology, Inc. (NYSE:CSR), Global Education & Technology Group Limited (NASDAQ:GEDU) and China Ceramics Co., Ltd. (NASDAQ:CCCL).

If the proposed investment policy is adopted at the EGM, the Board will work to implement the new investment policy in an effective and efficient manner with a view to achieving a balance between returning cash to Shareholders from time to time in such manner as the Board may (in its absolute discretion) determine and the realisation of optimum value for the Company's remaining investments. Accordingly, the timing and quantum of future returns of cash to Shareholders are uncertain and will, in part, depend on the timing and quantum of the disposal of the assets and the ongoing liabilities incurred in the operation and management of the Group.

The Company's current and proposed investment policies are set out in Part II of this Circular.

### **Periodic Announcements**

If the proposed investment policy is approved at the EGM, the Company will keep the market informed of the status and progress which has been made in relation to its implementation in accordance with the AIM Rules for Companies, including: weekly announcements of the Company's NAV; monthly announcements of the Company's NAV, its cash position and whether any positions have been exited in full; and quarterly announcements of the Company's remaining investments.

As at 15 July 2011 (being the latest practicable date prior to approval the date of this Circular), the Company's portfolio comprised:

	<i>Value (US\$m)</i>	<i>% of Gross Assets</i>
Shengkai Innovations, Inc. (NASDAQ:VALV)	12.66	23.98%
QKL Stores Inc.(NASDAQ:QKLS)	11.21	21.23%

	<i>Value (US\$m)</i>	<i>% of Gross Assets</i>
Tianyin Pharmaceutical Co. (AMEX:TPI)	0.31	0.59%
Wuhan General Group (China) Inc. (NASDAQ:WUHN)	0.12	0.22%
Keyuan Petrochemicals Inc. (NASDAQ:KEYP)	0.03	0.05%
China Integrated Energy Inc. (OTCPK:CBEH)*	0.00	0.00%
Cash and cash equivalents	28.35	53.68%

\* *This investment is currently valued at US\$nil.*

## **Dealings**

The Ordinary Shares will continue, for the time being, to be traded on AIM. The Board will monitor and review on an ongoing basis the costs, direct and indirect, of maintaining this arrangement relative to the benefits to Shareholders of such maintenance. Unless the London Stock Exchange otherwise agrees, any cancellation of trading of the Ordinary Shares on AIM at the Company's request will be conditional upon the consent of not less than 75% of votes cast by the Shareholders given in a general meeting.

## **Return of Capital**

In view of the amount of cash and cash equivalents now held by the Company, the Board is proposing to return US\$20 million to Shareholders. The Board has been in discussions with its advisers to determine appropriate mechanisms for returning surplus cash to Shareholders and has decided that, on this occasion, the most appropriate mechanism is a pro rata return of capital of US\$0.3063 per Ordinary Share. Information on the taxation implications for Shareholders of this Capital Return is set out in Part III and Part IV of this Circular.

The Capital Return is subject to approval by Shareholders (in the form of an ordinary resolution) at the EGM. Subject to the relevant resolution being passed at the EGM, the timetable for the Capital Return is as follows:

Shares commence trading without the right to receive the Capital Return, assuming the relevant resolution is passed at the EGM (what would typically be referred to as the ex-dividend date)	17 August 2011
Record date	19 August 2011
Payment date	30 August 2011

The Capital Return will be paid in Sterling and calculated based on the rate of exchange as at 3.00 p.m. on 17 August 2011.

Shareholders who would like to receive the proceeds of the Capital Return in US dollars should contact

Capita Registrars on [cas@capitaregistrars.com](mailto:cas@capitaregistrars.com) and request a currency election form, which will be sent to Shareholders by e-mail return. In order to be valid, an original signed currency election form must be received by Capita Registrars by 3.00 p.m. on 17 August 2011. Currency election forms received after 3.00 p.m. on 17 August 2011 may be accepted at the Company's discretion.

### **Extraordinary General Meeting**

The proposed changes to the Company's investment policy and the Capital Return are conditional on the approval by Shareholders of the relevant resolution to be proposed at the EGM.

The Board is unanimously recommending that the Company's investment policy be amended and restated as set out in Part II of this Circular and that the Capital Return is made to Shareholders: therefore, the Board unanimously recommends that Shareholders vote in favour of the Resolutions.

All Shareholders are entitled to attend and vote at the EGM. In accordance with the Articles, on a show of hands every member (being an individual) who is present in person or (being a corporate) present by a duly authorised representative shall have, on a show of hands, one vote and on a poll every member (being an individual) present on person or by proxy or (being a corporation) present by a duly authorised representative shall have one vote for every Ordinary Share of which he is the holder. In order to ensure that a quorum is present at the EGM, it is necessary for two Shareholders holding 5% of the issued share capital of the Company (excluding any share capital represented by treasury shares) between them entitled to vote to be present, whether in person or by proxy (or, if a corporation, by a representative).

The formal notice convening the EGM is set out at the end of this Circular.

### **Action to be taken**

#### *Form of Proxy*

Shareholders will find enclosed a Form of Proxy for use at the EGM. Whether or not you intend to be present at the EGM, you are requested to complete and return the accompanying Form of Proxy in accordance with the instructions printed thereon, so as to be received by the Company's registrar, at Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible, and in any event not later than 11.00 a.m. on 10 August 2011. The Form of Proxy has a pre-paid address for use within the UK only. The completion and return of the Form of Proxy will not preclude you from attending the EGM or any adjournment thereof and voting in person should you so wish.

You are requested to complete and return a Form of Proxy whether or not you wish to attend the EGM.

### **Recommendation**

Your Board, which has been advised by Canaccord, considers that the proposed change of investment policy and the Capital Return are fair and reasonable and in the best interests of the Company and of

Shareholders as a whole.

Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Resolutions to be proposed at the EGM.

Yours faithfully

A handwritten signature in black ink, appearing to read 'C. Fish', written in a cursive style.

Christopher Fish  
*Chairman*

**PART II**  
**CURRENT AND PROPOSED INVESTMENT POLICIES**

**A: Current investment policy**

The Company invests in companies whose operations at the time of the initial investment are principally in Greater China ("Investee Companies") with:

- annual revenues between \$10 million and \$300 million; and/or
- annual net income between \$1 million and \$30 million.

Subject to Board approval, the Company may make investments which do not fit either of these criteria (measured on the basis of either financial information published by the Investee Company for its previous financial year or estimates published by the Investee Company in respect of its current financial year) provided that, at the time of the initial investment, the market capitalisation of the relevant Investee Company is not greater than \$750 million.

Investments may be made either:

- directly in Investee Companies; or
- indirectly by investing in an existing listed company whose assets are primarily cash and which may be used to acquire, through a reverse takeover, an Investee Company and which will maintain its listing following that acquisition.

The Company invests primarily in equities and equity-related securities. The Group may also invest in partnership interests and financial instruments relating to its target investments. However, the Company's investment policy is flexible, enabling it to invest in all types of securities, including (but not limited to) equities, preference shares, convertible securities, warrants and other equity-related securities. The Company invests in securities which:

- are already listed or traded on a stockmarket;
- are expected to be listed or traded on a stockmarket concurrently with the investment; or
- are unlisted securities, provided that the Company shall not invest more than 20 per cent. of its NAV (measured at the time of investment) in unlisted securities (for this purpose, "unlisted securities" excludes securities which are capable of being converted into or exchanged for securities which are already listed or traded on a stockmarket at the option of the holder on not more than 90 days' notice but includes any other securities that are not already listed or traded on a stockmarket or are not expected to be listed or traded on a stockmarket concurrently with the investment).

The Company may continue to hold an investment in an Investee Company that ceases to be listed if the Investment Manager considers this to be appropriate.

The Company will not invest more than 15% of its gross assets (measured at the time of initial investment) in any one company. The Company's portfolio is not managed by reference to any benchmark and, therefore, the composition of its portfolio is not restricted by any minimum or maximum sector weightings.

The Company's initial investment in any one company will not exceed 15% of its gross assets (measured at the time that initial investment) and the aggregate cost of the Company's investment in any one company will not exceed 20% of its gross assets (measured at the time of investment).

Uninvested or surplus capital or assets may be invested on a temporary basis in cash or cash equivalents, money market instruments, bonds, commercial paper or other debt obligations with banks or other counterparties having a "single A" or higher credit rating as determined by any reputable rating agency selected by the Investment Manager.

Although it is not the Company's present intention to do so, the Company may borrow up to 25 per cent. of its NAV (measured at the time of drawdown). Any such borrowings are subject to prior Board approval.

The Company will comply with all investment restrictions imposed on closed-ended investment funds under the Listing Rules. In particular, the Company will not invest more than 10 per cent., in aggregate, of the value of its gross assets in other investment companies admitted to the Official List, provided that this restriction will not apply to investments in any such investment companies which themselves have stated investment policies to invest no more than 15 per cent. of their gross assets in other listed investment companies admitted to the Official List of the Financial Services Authority.

The Company does not employ a policy of hedging against fluctuations in exchange rates.

In the event of any breach of the Company's investment policy, the Shareholders will be informed of the actions to be taken by the Investment Manager by an announcement issued through a Regulatory Information Service or a notice sent to Shareholders at their registered addresses in accordance with the articles of incorporation of the Company.

The Company may only make material changes to its investment policy (including the maximum level of borrowing) with the approval of Shareholders (in the form of an ordinary resolution).

For the avoidance of doubt, references to the Company in its investment policy include Vision Opportunity China LP and the percentage limits referred to in the investment policy will be applied to the Company and its subsidiaries and subsidiary undertakings on a consolidated basis.

**B: Proposed investment policy**

The Company will seek to realise its outstanding investment portfolio in an orderly manner.

The Company will not purchase or subscribe for new equity investments other than in connection with an exchange of its existing investments. The Company may, however, exercise warrants and convert its preferred stock so that the value of the resulting common stock may be realised.

The Company may invest in short-dated bonds or near cash equivalent securities pending distribution of cash to Shareholders.

The Company may not make any other investments or borrow, save to provide working capital.

Returns to Shareholders will be in such quantum, on such terms and in such manner as the Board may determine in its absolute discretion.

## **PART III**

### **UK AND GUERNSEY TAXATION**

The following information is based on the Company's understanding of, and on advice received on, the relevant laws and practices currently in force in Guernsey and the UK as at the date of this Circular. It is possible that such laws or practices could change after the date of this Circular.

Unless otherwise stated the following information is applicable only to persons who are resident or ordinarily resident in Guernsey or the UK and who hold their Ordinary Shares beneficially as an investment.

**If you are in any doubt about your tax position, or you may be subject to tax in a jurisdiction other than Guernsey or the UK or in another capacity than that of an investor owning Ordinary Shares beneficially, you should consult your professional adviser.**

#### **1. Capital Return**

##### *Treatment of Capital Return*

The Capital Return should be treated as capital in the hands of Shareholders for UK tax purposes. Subject to the below, Shareholders will therefore be treated for capital gains tax purposes as having disposed of interests in their Shares in consideration of the amount of Capital Return they receive and so will compute their resulting capital gains tax liabilities using the part disposal rules. If the Capital Return is "small" compared with the value of the Shares to which it relates, then the above treatment may be disapplied. If it is, then no disposal is treated as being made by the relevant Shareholder and so no tax need be paid by them in respect of the receipt of the Capital Return. Instead, each Shareholder's base cost in their holding of Shares will be reduced by the amount of the Capital Return they have received. The charge to capital gains tax in respect of the Capital Return is therefore effectively deferred until eventual disposal of the Shares.

If any Shareholder's base cost in their Shares is less than the amount of the Capital Return, then the special rules for small Capital Returns do not apply and so any such Shareholder must compute tax due on the deemed disposal of part of their holding of Shares in accordance with the normal part disposal rules. Such a Shareholder may however elect to adopt the treatment described above to the extent they have some base cost in their holding of Shares, with the consequence that if such election is made that part of the Capital Return received equal to their base cost would not be subject to tax and their base cost going forward would be reduced to zero.

HMRC regard a capital distribution as small if its value is 5 per cent. or less of the value of the shares to which it relates prior to the making of the distribution, or, in respect of any particular shareholder, if it is £3,000 or less. Based on the closing mid-price of the Shares at 19 July 2011, being the latest practicable date prior to publication of this Circular, it is therefore likely that the Capital Return will only be treated as small in the hands of any Shareholder receiving £3,000 or less.

### *Offshore Funds*

The treatment described above is based on a Shareholder's Shares not constituting an interest in an "Offshore Fund". If the Company were to be treated for UK taxation purposes as an "Offshore Fund", gains realised by a Shareholder could be taxable as income and not as capital gains. The Directors have been advised that it is not expected that the Company should be treated as an "Offshore Fund".

### *Withholding Tax*

No UK taxation will be required to be withheld or deducted from the Capital Return paid to Shareholders.

## **2. Guernsey Taxation**

The Company being Guernsey tax exempt will not incur any Guernsey tax costs from the Capital Return, and there will be no Guernsey withholding tax suffered on payments made to Shareholders. It is expected that Guernsey resident Shareholders will not be taxed on any receipt from the Capital Return as such receipts will be considered capital.

## **3. UK Stamp Duty**

There are no UK or Guernsey stamp duty implications.

## **PART IV US TAXATION**

### **Certain US Tax Considerations**

**The discussion of US tax matters in this Circular was written in connection with the Company seeking Shareholder approval for the Capital Return, and it was not intended to be, and cannot be used by any person for the purpose of avoiding penalties that may be asserted under US federal, state and local tax law. Taxpayers should seek their own advice based on their particular circumstances from an independent tax advisor.**

The following is a summary of certain US federal income tax considerations of the receipt of the Capital Return by a US Shareholder (as defined below). This summary deals only with beneficial owners of the Ordinary Shares that are US Shareholders and that hold the Ordinary Shares as "capital assets" (generally, property held for investment) under the US Internal Revenue Code of 1986, as amended (the "**Code**"). The discussion does not cover all aspects of US federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on the receipt of the Capital Return by particular investors, and does not address non-US, state or local tax considerations. The discussion also does not address any other aspect of US federal taxation (such as the estate and gift tax or the Medicare tax on net investment income). In particular, this summary does not address all tax considerations applicable to investors that own (directly or by attribution) 10% or more of the Company's voting stock, nor does this summary discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the US federal income tax laws (such as financial institutions, insurance companies, regulated investment companies, investors liable for the alternative minimum tax, certain US expatriates, individual retirement accounts and other tax-deferred accounts, real estate investment trusts, partnerships or other pass-through entities for US federal income tax purposes, tax-exempt organisations, dealers in securities or currencies, securities traders that elect mark-to-market tax accounting, investors that will hold the Ordinary Shares as part of constructive sales, straddles, hedging, integrated or conversion transactions for US federal income tax purposes or investors whose "functional currency" is not the US dollar). The summary is based on the tax laws of the United States, including the Code, its legislative history, existing and proposed Treasury regulations thereunder, published rulings and court decisions, all as currently available and all subject to change at any time, possibly with retroactive effect.

The Company believes and this disclosure assumes that the Company is a "passive foreign investment company" (a "**PFIC**"), and assumes that any "qualified electing fund" ("**QEF**") or "mark-to-market" election made by a US Shareholder was validly made. This discussion does not address the consequences of the receipt of the Capital Return by a US Shareholder that made a QEF election with respect to the Company after the first year of its investment in the Company.

As used herein, the term "**US Shareholder**" means a beneficial owner of the Ordinary Shares that is for US federal income tax purposes: (i) an individual who is a citizen or resident of the United States; (ii) a corporation, or other entity treated as a corporation, created or organised under the laws of the United States, any state thereof or the District of Columbia; (iii) an estate the income of which is subject to US federal income tax without regard to its source; or (iv) a trust if it is subject to the primary supervision

of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust.

If a partnership (or other entity treated as a partnership for US federal income tax purposes) holds the Ordinary Shares, the US federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. A partnership that holds the Ordinary Shares should consult its own tax advisers about the consequences to its partners of the receipt of the Capital Return by the partnership.

**The summary of US federal income tax consequences set out below is for general information only. All Shareholders should consult their tax advisers as to the particular tax consequences to them of receiving the Capital Return, including the applicability and effect of state, local, non-US, and other tax laws.**

### *Treatment of the Capital Return*

The US dollar value of distributions paid by the Company to a US Shareholder that has made a "mark-to-market" election will be generally taxed as ordinary dividend income to the extent of the US Shareholder's allocable portion of the Company's current and accumulated earnings and profits (as determined for US federal income tax purposes). If a US Shareholder subject to these rules receives a distribution in excess of its allocable portion of the Company's current and accumulated earnings and profits, the excess will be treated as a return of capital up to the US Shareholder's basis in the Ordinary Shares. The excess of such distribution over the US Shareholder's basis in the Ordinary Shares, if any, will be treated as capital gain from the sale of the Common Shares. This capital gain will be long-term capital gain if the US Shareholder's holding period for the Common Shares exceeds one year. US Shareholders should consult their advisors about how to calculate the US dollar value of distributions.

US Shareholders should contact Rebecca Kerner at Vision Capital Advisors, LLC, ([r.kerner@visicap.com](mailto:r.kerner@visicap.com)) to determine their allocable portion of the Company's current and accumulated earnings and profits.

A US Shareholder that has made a QEF election with respect to the Company will not recognise income on the receipt of the distribution to the extent of income previously included under the QEF rules. Distributions to US Shareholders that have made a QEF election with respect to the Company in excess of amounts previously included in income will be taxed in a similar manner to a US Shareholder that has made a "mark-to-market" election.

If a US Shareholder has not made either the QEF or the "mark-to-market" election, "excess distributions" with respect to shares of a PFIC owned by a US Shareholder will be subject to a different tax regime. In general, an excess distribution is any distribution to the US Shareholder that is greater than 125% of the average annual distributions received by the US Shareholder (including return of capital distributions) during the three preceding taxable years or, if shorter, the US Shareholder's holding period for the Ordinary Shares. With respect to distributions received pursuant to the Capital Return: (i) excess distributions will be allocated rateably over the US Shareholder's holding period for the Ordinary Shares; (ii) the amount allocated to the taxable year in which the excess distribution was realised will be taxable as ordinary income; (iii) the amount allocated to each prior year will be subject to tax at the highest rate in effect for that year; and (iv) the interest charge generally applicable to

underpayments of tax will be imposed in respect of the tax allocated to each such year.

### **Information Reporting and Backup Withholding**

Information returns may be filed with the IRS in connection with the Capital Return unless a US Shareholder establishes that it is exempt from the information reporting rules. A US Shareholder that does not establish this may be subject to backup withholding on these payments if the US Shareholder fails to provide its taxpayer identification number or otherwise comply with the relevant certification procedures. The amount of any backup withholding from a payment to a US Shareholder will be allowed as a credit against its US federal income tax liability and may entitle the US Shareholder to a refund, provided that the required information is timely furnished to the IRS.

## **PART V DEFINITIONS**

The following definitions apply throughout this Circular unless the context otherwise requires:

<b>"AIM"</b>	the AIM market operated by the London Stock Exchange
<b>"AIM Rules for Companies"</b>	the rules for AIM companies published by the London Stock Exchange plc, as amended or re-issued from time to time
<b>"Articles"</b>	the articles of incorporation of the Company
<b>"Capital Return"</b>	the proposed return of capital described in this Circular
<b>"Capita Registrars"</b>	a trading name of Capita Registrars Limited
<b>"Company"</b>	Vision Opportunity China Fund Limited, a closed-ended investment company
<b>"Directors" or "Board"</b>	the directors of the Company
<b>"Extraordinary General Meeting" or "EGM"</b>	the extraordinary general meeting of the Company convened for 11.00 a.m. on 12 August 2011 (or any adjournment thereof), notice of which is set out at the end of this Circular
<b>"Form of Proxy"</b>	the form of proxy accompanying this Circular, for use by Shareholders in connection with the Extraordinary General Meeting
<b>"Greater China"</b>	a collective term referring both to the territories administered by the People's Republic of China (including Hong Kong and Macau), territories administered by the Republic of China (Taiwan and some neighbouring islands) and Singapore
<b>"Group"</b>	the Company, Vision Opportunity China GP Limited, Vision Opportunity China LP and any other subsidiary undertakings of the Company from time to time
<b>"HMRC"</b>	HM Revenue & Customs
<b>"Investment Manager"</b>	Vision Capital Advisors, LLC
<b>"London Stock Exchange"</b>	the London Stock Exchange plc
<b>"NAV"</b>	net asset value
<b>"Ordinary Shares" or "Shares"</b>	ordinary shares of no par value each in the capital of the Company
<b>"Resolutions"</b>	the resolutions set out in the notice of EGM at the end of this Circular
<b>"Shareholders"</b>	the holders of Ordinary Shares

<b>"UK"</b>	the United Kingdom of Great Britain and Northern Ireland
<b>"£" or "Sterling"</b>	the lawful currency of the UK
<b>"\$" or "US dollars"</b>	the lawful currency of the US.

# **VISION OPPORTUNITY CHINA FUND LIMITED**

*(a closed-ended investment company incorporated in  
Guernsey with registered number 47999)*

## **NOTICE OF EXTRAORDINARY GENERAL MEETING**

Notice is hereby given that an extraordinary general meeting of the members of Vision Opportunity China Fund Limited (the "**Company**") will be held at Suites 13 & 15, Sarnia House, Le Truchot, St Peter Port, Guernsey GY1 4NA, at 11.00 a.m. on 12 August 2011 for the purpose of considering and, if thought fit, passing the following resolutions, each of which will be proposed as an ordinary resolution:

### **Ordinary Resolutions**

- (1) THAT the Company adopts the proposed investment policy set out in Section B of Part II of the circular to shareholders dated 21 July 2011, of which this notice forms part, in place of the current investment policy of the Company.
- (2) THAT the Company resolves to reduce its share capital by \$20 million in order to make a capital return of US\$0.3063 per Ordinary Share to Shareholders.

#### **By order of the Board**

Christopher Fish  
Chairman  
Vision Opportunity China Fund Limited

#### **Registered Office**

Vision Opportunity China Fund Limited  
Suites 13 & 15  
Sarnia House  
Le Truchot  
St Peter Port  
Guernsey  
GY1 4NA

21 July 2011

#### NOTES:

1. A member of the Company entitled to attend, speak and vote at the meeting convened by the notice set out above (the "**Extraordinary General Meeting**") is entitled to appoint a proxy to exercise all or any of his rights to attend, speak and vote at the meeting in his place. A proxy may demand, or join in demanding, a poll. A proxy need not be a member of the Company.
2. An instrument for the purposes of appointing a proxy is enclosed. To be valid, the Form of Proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be received at Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU by 11.00 a.m. on 10 August 2011 or not later 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, not less than 24 hours before the time appointed for taking the poll and, in default, unless the Board directs otherwise, the instrument shall not be treated as valid. **The Form of Proxy has a pre-paid address FOR USE IN THE UK ONLY.**
3. A member may appoint more than one proxy in relation to the Extraordinary General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or Shares held by him. To appoint more than one proxy you may photocopy the enclosed Form of Proxy. Please indicate the proxy holder's name and the number of Shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of Shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope. A failure to specify the number of Shares each proxy appointment relates to or specifying a number in excess of those held by you may result in the appointment being invalid.
4. In the case of a member which is a company, the instrument appointing a proxy must be executed under the member's common seal (or in any other manner permitted by law and having the same effect as if executed under seal) or under the hand of a duly authorised officer, attorney or other person.
5. Completion of the Form of Proxy appointing a proxy does not preclude a member from subsequently attending and voting at the meeting in person if he so wishes.
6. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority will be determined by the order in which the names stand in the register of members in respect of the joint holding.
7. Authority of a person to act as proxy may be terminated by written notice provided that such notice is received by Capita Registrars prior to the commencement of the meeting at which the Form of Proxy is to be used. A new Form of Proxy, if submitted within the parameters of Note 2 above, can then be submitted to Capita Registrars if you wish to appoint a new proxy.
8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members and those CREST members who have appointed voting service provider(s), should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (formerly CRESTCo's) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must in order to be valid, be transmitted so as to be received by Capita Registrars by no later than 11 a.m. on 10 August 2011. No such message received through the CREST network after this time will be accepted. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the registrars are able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
9. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
10. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, only those shareholders registered in the register of members of the Company as at 6p.m. on 10 August 2011 or, if this meeting is adjourned, at 6p.m. on the day two days prior to the adjourned meeting shall be entitled to attend and vote at the Annual General Meeting in respect of the number of Shares registered in their name at that time. Changes to entries on the relevant register of securities after 6p.m. on 10 August 2011 or, if this meeting is adjourned, at 6p.m. on the day two days prior to the adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at this Extraordinary General Meeting.
11. Any power of attorney or any other authority under which your proxy form is signed (or a duly certified copy of such power or authority) must be included with your proxy form.
12. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
13. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same Shares