

8 December 2014

ASX Announcement New Management Agreement

With the existing management agreement between Asian Masters Fund Limited (**Company or Fund**) and Walsh & Company Asset Management (**Walsh AM**) expiring on 8 December 2014, the Company is pleased to announce that it has entered into a new management agreement with Walsh AM to take effect from Tuesday 9 December 2014.

The independent directors of the Company passed a resolution on 8 December 2014 to approve the proposed new management agreement (Management Agreement) between the Company and Walsh AM. The Management Agreement is for an initial term of five years and the Fund's investment mandate remains unchanged.

A complete copy of the Management Agreement is attached.

For further information, contact:

Hannah Chan
Company Secretary
Tel: 1300 454 801

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Management Agreement

Asian Masters Fund Limited
(ACN 127 927 584)

Walsh & Company Asset Management Pty Limited
(ACN 159 902 708)

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This Management Agreement is made on 8 December 2014

Parties:

1. **Asian Masters Fund Limited** (ACN 127 927 584) of Level 15, 100 Pacific Highway, North Sydney NSW 2060 (**Company**);
2. **Walsh & Company Asset Management Pty Limited** (ACN 159 902 708) of Level 15, 100 Pacific Highway, North Sydney NSW 2060 (**Manager**).

Recitals:

- A. The Company proposes to carry on the business of making and holding investments in Securities.
- B. The Company has agreed to appoint the Manager to manage the investment portfolio of the Company with effect from the Commencement Date and the Manager has agreed to accept its appointment to manage the investment portfolio of the Company on the terms and conditions contained in this Agreement.

1. Definitions and Interpretation

1.1. Definitions

In this Agreement, unless a contrary intention appears:

Act means the *Corporations Act 2001* (Cth).

Applicable Regulations means any statute, regulation, by-law, ordinance or other determination of any Government Agency with the force of law in any jurisdiction in which:

- (a) the Company holds any Investments;
- (b) the Manager acquires Investments on behalf of the Company; or
- (c) the Manager provides services for the benefit of the Company under this Agreement,

including the Corporations Act and, while the Company is a Listed Entity, the ASX Listing Rules as they apply to the Company for the purposes of this Agreement.

Approved Foreign Currency Agent means any duly qualified persons independent both of the Company and the Manager recommended by the Manager and appointed and instructed in writing by the Manager to calculate relevant foreign currency exchange rates to be applied in calculating the Value of the Portfolio from time to time for the purposes of this Agreement.

Approved Valuer means any duly qualified persons independent both the Company and the Manager recommended by the Manager (who when making such recommendations must have regard to the particular type or types of Investment which are to be the subject of the valuation) and appointed and instructed in writing by the Manager to value an Investment for the purpose of this Agreement.

Asian Market means any of:

- (a) People's Republic of China;
- (b) India;
- (c) Hong Kong

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- (d) Singapore;
- (e) Malaysia;
- (f) Indonesia;
- (g) Philippines;
- (h) Thailand;
- (i) Vietnam;
- (j) Taiwan;
- (k) South Korea; and
- (l) any other country in the Asian region as agreed by the Manager and the Company from time to time.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules means the listing rules of the ASX.

Board means the board of directors of the Company.

Business Day means a day other than a Saturday or Sunday on which banks located in the Sydney metropolitan area are open for general banking business.

Cash includes cheques, bank deposits, bank cheques, bank transfers, interests in cash management trusts, bank drafts and bills of exchange in each case that is the lawful currency of the Commonwealth of Australia and other foreign nations.

Commencement Date means 9 December 2014.

Corporations Act means the Corporations Act 2001 (Cth).

Custodian means the custodian appointed by the Manager to hold all or part of the Portfolio from time to time.

Financial Market means:

- (a) Stock Exchange of Hong Kong Limited;
- (b) Singapore Exchange;
- (c) Kuala Lumpur Stock Exchange (Bursa Malaysia) (Main and Second Boards);
- (d) MESDAQ;
- (e) Taiwan Stock Exchange Corporation;
- (f) Shanghai Stock Exchange;
- (g) Shenzhen Stock Exchange;
- (h) National Stock Exchange of India;

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- (i) Jakarta Stock Exchange;
- (j) Surabaya Stock Exchange;
- (k) Philippine Stock Exchange;
- (l) Singapore Exchange;
- (m) Stock Exchange of Thailand;
- (n) Ho Chi Minh City Stock Exchange;
- (o) Hanoi Securities Trading Center; and
- (p) any other financial market agreed by the Manager and the Company from time to time operated principally in an Asian Market or in which securities of issuers with a significant portion of their business activities are resident or carry on business in an Asian Market are quoted.

Force Majeure includes fire, storm, flood, earthquake, explosion, accident, act of the public enemy, war, rebellion, insurrection, sabotage, epidemic, terrorist attack, quarantine restriction, labour dispute, labour shortage, transportation embargo or failure or delay in transportation, act of God, act (including laws, regulations, disapprovals or failure to approve) of any government or agency whether national, municipal or otherwise.

Fund means an investment vehicle (however described) which would constitute a managed investment scheme (as defined in section 9 of the Corporations Act) if established or operated in Australia.

Government Agency means any government or any governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity in any part of the world.

GST:

- (a) has the same meaning as in the GST Law;
- (b) includes any other goods and services tax or any Tax applying to this Agreement in a similar way; and
- (c) includes any additional tax, penalty tax, fine, interest or other charge under a law for such a tax.

GST Law has the meaning given to that term in Section 195–1 of the A New Tax System (Goods and Services Tax) Act 1999 (as amended).

Initial Term has the meaning set out in Clause 1.1(a).

Insolvency Event means in relation to a Party:

- (a) an order is made or an application is made for the winding up of that Party and that order or application is not withdrawn or set aside within 15 Business Days;
- (b) a liquidator or provisional liquidator of that Party is made or appointed or an application is made for the appointment of a liquidator or provisional liquidator and that application is not withdrawn or set aside within 15 Business Days;
- (c) an effective resolution is passed for the winding up of that Party or a meeting is convened for the purpose of considering any such resolution;

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- (d) that Party is placed under any formal or informal kind of insolvency administration or a meeting is convened for the purpose of considering the appointment of an insolvency administrator;
- (e) a receiver, manager, receiver and manager or controller of the main undertaking, property or material assets of that Party is appointed or any step is taken for the appointment of such a receiver, manager, receiver and manager or controller or execution or distress or any other process is levied or attempted or imposed against any of the main undertaking, property or material assets of that Party;
- (f) that Party stops payment or ceases to carry on the whole or any material part of its business or threatens to do so;
- (g) an order for payment is made or judgment is entered or signed against that Party in an amount of not less than \$100,000 and is not satisfied, stayed or set aside within 5 Business Days;
- (h) that Party becomes insolvent or unable to pay its debts; or
- (i) a compromise, composition or arrangement is proposed with or becomes effective in relation to the creditors or any class of creditors of that Party or that Party proposes a reorganisation, moratorium or other administration involving its creditors or any class of its creditors; or
- (j) any action is commenced to strike that Party's name off any register of companies;

Investment means an investment forming part of or comprised in the Portfolio permitted by this Agreement and includes investments acquired by the application of the proceeds of borrowings by the Company.

Investment Committee means the investment committee of the Company established under Clause 6 being initially the Board. **Investment Decision** means a decision to sell, realise or deal with any Investment or to vary, convert, exchange or add another Investment in lieu of that Investment.

Investment Strategy means the investment strategy agreed by the Company and the Manager from time to time being initially the investment process outlined in Section 3 of the Prospectus as amended by agreement with the Company from time to time in accordance with Clause 5.4.

Licence means a licence required to be held by the Manager by Applicable Regulations to perform its obligations under this Agreement including an Australian Financial Services Licence issued by ASIC under the Corporations Act with authorisations necessary to enable the Manager to perform its obligations under this Agreement.

Listed Entity means an entity admitted to, and not removed from, the official list of the ASX.

Month means for the purposes of Clause 11:

- (a) the period commencing on the Commencement Date and ending on the last day of the calendar month in which the Commencement Date occurs;
- (b) thereafter successive calendar months commencing on the first day after the end of that first Month during the continuance of this Agreement and includes, if this Agreement is terminated on a date other than the last day of a calendar month, the period commencing on the first day of the calendar month in which this Agreement is terminated and ending on the date of termination.

Portfolio means all monies, investments, additions or borrowings which may from time to time be paid to or received or held by the Company or the Manager or Custodian on behalf of the Company (whether or not pending investment) and any investments for the time being representing them, any income derived from them and any capital accretions to them regardless of how they arise.

Prevailing Exchange Rate means the rate equal to the spot exchange rate of the Approved Foreign Currency Agent for the purchase of Australian currency with the foreign currency at or about 11:00am in the city in which the Approved Foreign Currency Agent is located.

Proposed Investment means an Investment proposed by the Manager to be made on behalf of the Company.

Prospectus means the prospectus dated 26 October 2007 relating to the initial public offering of the Company.

Relevant Interest has the meaning given to that term in Section 608 of the Corporations Act.

Security means:

- (a) a security as defined in section 92(3) of the Corporations Act including a security that would fall within that definition if the security were issued within Australia or by a body established in Australia;
- (b) an interest in a limited partnership;
- (c) an equity instrument or investment analogous to any of the above.

Short Term Securities means cash, deposits, certificates of deposit, bills of exchange, promissory notes, bonds, floating rate notes, units, debentures, loans, letters of credit and similar money market and fixed interest instruments (whether issued at fixed or floating rates or at a discount to face value and whether specified as a given rate or referenced to an index) denominated in dollars or United States Dollars and rated AA or better by a recognised rating agency or, if not rated, are assessed by the Manager as being of at least equivalent rating with such assessment being notified to the Company.

Term means the period from the Commencement Date to the date of termination of this Agreement under Clause 12.

Value of the Portfolio means, at any date that such value is required to be ascertained, the aggregate sum of the values of each Investment calculated for each category of Investment comprising the Portfolio, converted back into Australian dollars at the Prevailing Exchange Rate as at the date of calculation, in the following manner:

- (a) **Funds** – the amount that would be payable to the Company on redemption of that Investment on the relevant date of calculation or, if the Company determines this does not fairly reflect the value of that Investment, the net tangible asset per unit in that Fund determined as at the date of calculation;
- (b) **Cash (including income)** – the amount of such Cash.
- (c) **Short Term Securities** – the market value as determined by the Company and the Manager, unless the Manager or the Company requests of the other in writing that the value be determined by an Approval Valuer, in which case the value will be as so determined by the Approved Valuer; and
- (d) **other** – if an Investment is not included within paragraphs (a) to (c) of this definition, the value of that Investment will be as determined by the Company and the Manager, unless the Manager or the Company requests the other in writing that the value be determined by an Approved Valuer, in which case the value will be as so determined by the Approved Valuer.

1.2. Interpretation

In this Agreement except to the extent that the context otherwise requires:

- (a) headings are for ease of reference only and do not affect the meaning of this Agreement;
- (b) the singular includes the plural and vice versa and words importing a gender include other genders;

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- (c) other grammatical forms of defined words or expressions have corresponding meanings;
- (d) a reference to a clause, paragraph, schedule or annexure is a reference to a clause or paragraph of, or schedule or annexure to, this Agreement and a reference to this Agreement includes any schedules and annexures;
- (e) a reference to a document or agreement, including this Agreement, includes a reference to that document or agreement as novated, altered or replaced from time to time;
- (f) a reference to '\$' is a reference to Australian currency;
- (g) a reference to a specific time for the performance of an obligation is a reference to that time in the State, Territory or other place where that obligation is to be performed;
- (h) a reference to a party includes its executors, administrators and successors;
- (i) a reference to the Manager includes its permitted assigns;
- (j) a reference to any legislation or statutory instrument or regulation is construed in accordance with the Acts Interpretation Act 1901 (Cth) or the equivalent State legislation, as applicable;
- (k) words and expressions defined in the Act as at the date of this Agreement have the meanings given to them in the Act at that date; and
- (l) a reference to writing includes typewriting, printing, lithography, photography and any other method of representing or reproducing words, figures or symbols in a permanent and visible form.

1.3. Inclusive Expressions

Specifying anything in this Agreement after the words **include** or **for example** or similar expressions does not limit what else is included unless there is express wording to the contrary.

2. Relationship Between Parties

2.1. Nature of Relationship

Nothing in this Agreement constitutes or gives rise to or may be deemed to constitute or give rise to the relationships of trustee and beneficiary, joint venture or partnership as between the Company and the Manager, nor subject to Clause 2.4, to give rise to any obligation or other association between the Parties.

2.2. No Agency

Without limiting the generality of Clause 2.1 and except as otherwise expressly provided in this Agreement, the Manager:

- (a) is not an agent of the Company; and
- (b) has no capacity to bind the Company to contracts with third parties without the express written consent and acknowledgment of the Company.

2.3. Capacity

Each Party enters into this Agreement in its own capacity and not as agent, partner or joint venturer of any person

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2.4. Fiduciary Obligations

The Manager acknowledges that it is subject to a fiduciary obligation to the Company in the performance of its functions and the observance of its duties under this Agreement.

3. Appointment of Manager

3.1. Appointment of Manager

With effect on and from the Commencement Date, the Company appoints the Manager and the Manager accepts its appointment to act as manager of the Portfolio for the Term with the duties and obligations and on the terms and conditions set out in this Agreement.

4. Duties of the Manager

4.1. Duties of the Manager

- (a) Subject to and in accordance with the Applicable Regulations the Manager must manage the Portfolio, manage and supervise all Investments and provide recommendations to the Investment Committee on Investment Decisions.
- (b) Subject to Clause 4.1(c), the Manager must also provide or procure the provision of administrative support services reasonably required by the Company to conduct its business. These services include:
 - (i) maintenance of the corporate and statutory records of the Company;
 - (ii) liaison with the ASX with respect to compliance with the ASX Listing Rules;
 - (iii) liaison with ASIC with respect to compliance with the Corporations Act;
 - (iv) liaison with the share registrar of the Company; and
 - (v) the provision of information necessary for the maintenance of financial accounts of the Company to be completed.
- (c) The Company is responsible for the payment of any fees or charges of the Manager or of any third parties engaged to provide any of the services required under Clause 4.1(b).
- (d) The Manager may be engaged to provide certain other services including drafting the Company's annual report and arranging for the printing and distribution of such report on terms and at a price to be agreed between the Parties.

4.2. Monthly Valuations

The Manager must arrange for the calculation of the Value of the Portfolio at least monthly or at such more frequent times as may be agreed between the Manager and the Company.

4.3. Provision of Information

The Manager must keep the Investment Committee and the Company informed in respect of the management of the Portfolio. This includes providing the following:

- (a) as reasonably required by the Company or the Investment Committee, details of Investments comprising the Portfolio;
- (b) other valuations and reports as may be reasonably required by the Company or the Investment Committee from time to time;

- (c) sufficient information to enable the Company to observe and perform its covenants as set out in Clause 8 and its duties and obligations under the Company's constitution; and
- (d) without limiting the generality of Clauses 4.3(a) to 4.3(c) (inclusive), sufficient information to enable the Company to comply with the Applicable Regulations (if necessary).

5. Powers of the Manager

5.1. Approval by the Investment Committee

The Manager must not make or implement any Investment Decisions in respect of an Investment with a value in excess of 1% of the Value of the Portfolio, without first obtaining the approval of the Investment Committee.

5.2. Investment of the Portfolio

- (a) Subject to the Applicable Regulations, on and from the Commencement Date the Manager must from time to time and on behalf of the Company invest money constituted in or available to the Portfolio, including money received as a consequence of disposal of Investments or any dividend or other distribution received and, subject to the Applicable Regulations, realise or dispose of Investments.
- (b) Investments that may be made by the Manager are limited to the following:
 - (i) units or other Securities in a Fund where the Manager determines that no less than 90% of the total market value of investments of that Fund are in the form of:
 - (A) Securities that are quoted for trading on a Financial Market; and
 - (B) investments that would be Investments that may be made by the Manager by application of any other provision of this Clause 5.2(b);
 - (ii) Cash;
 - (iii) Short Term Securities; and
 - (iv) any other financial products with which the Manager may use in the management of the Company's Portfolio in accordance with the Manager's Licence, or where the Manager itself acts as authorised representative of a third party holding a Licence, that third party's Licence.
- (c) Unless otherwise agreed by the Company or the Investment Committee, the Manager may not invest in a Fund unless the Manager determines, acting reasonably and in good faith, that the Value of the Investment in that Fund may be determined within sufficient time to enable the Company to satisfy its reporting obligations with respect to its Portfolio under the ASX Listing Rules.

5.3. Discretions of the Manager

Each of the Parties acknowledges and agrees that, within the Applicable Regulations and subject to this Clause 5, on and from the Commencement Date, the Manager has the discretion to manage the Portfolio and do all things considered necessary or desirable in relation to the Portfolio, including:

- (a) the investigation of, negotiation for, acquisition of or disposal of, every Investment and any Proposed Investment and the provision of its services to the Company;
- (b) from time to time and on behalf of the Company, to sell, realise or deal with all or any of the Investments or to vary, convert, exchange or add other Investments in lieu of those Investments;

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- (c) if any of the Investments for the time being comprised in the Portfolio is at any time during the continuance of this Agreement redeemed or the capital paid on it is wholly or partly repaid (whether by way of reduction of capital or otherwise) by the company or other person or body by which that Investment was issued or created, either:
- (i) convert (if an option is given to convert) the Investment into some other Investment or Investments in pursuance of the option; or
 - (ii) accept repayment in case of the capital paid or advanced on the Investment and any other monies payable in connection with that redemption or repayment and reinvest all or any of the monies becoming payable (whether in respect of capital, premium, surplus or otherwise) by reason of such redemption or repayment in cash in the purchase of Investments to be added to the Portfolio pursuant to the provisions of this Agreement;
- (d) either to retain as part of the Portfolio or to retain part and sell the balance of any Security or other property received by the Company by way of bonus or in lieu of or in satisfaction (in whole or in part) of a dividend in respect of any Investments.

5.4. Change to Investment Strategy

- (a) Notwithstanding any other provision of this Agreement, the Manager may only manage the Portfolio in accordance with the Investment Strategy.
- (b) If a Proposed Investment is not consistent with the Investment Strategy, the Manager may seek approval from the Company to:
 - (i) undertake that Proposed Investment; or
 - (ii) amend the Investment Strategy.
- (c) In seeking approval, the Manager must provide such information to the Company regarding the Proposed Investment to enable the Company to determine how the Investment deviates from the Investment Strategy and the proposed change to the Investment Strategy (if any) as the Company may reasonably request.
- (d) The Company may withhold its approval under this Clause 5.4 in its absolute discretion.

5.5. Delegation by the Manager

Subject to and in accordance with the Applicable Regulations, the Manager may, with the prior approval of the Company (such approval not to be unreasonably withheld), appoint or employ by writing or otherwise any person to be sub-contractor for the Manager to perform any or all of the duties and obligations imposed on it by this Agreement.

5.6. Specific Powers of Delegation

Without limiting Clause 5.5, in managing the Portfolio and in carrying out and performing the duties and obligations on its part contained in this Agreement (but subject always to the Applicable Regulations), the Manager may:

- (a) by power of attorney or other instrument, appoint any person to be attorney or agent of the Manager for such purposes and with such powers, authorities and discretions (not exceeding those vested in the Manager) as the Manager thinks fit with power for the attorney or agent to sub-delegate any such powers, authorities or discretions and also to authorise the issue in the name of the Manager of documents bearing facsimile signatures of the Manager or of the attorney or agent either with or without proper manuscript signatures of its officers thereon and provided further that the Manager in any such power of attorney and the attorney or agent by the terms of any such sub-delegation may insert such provisions for the protection and convenience of those dealing with any such attorney or agent or sub-delegate as the Manager

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may think fit; and

- (b) appoint and engage any investment manager (which may be a related body corporate), barrister, solicitor, stockbroker, stock market consultant, accountant, contractor, qualified adviser, registrar and such other person as may be necessary, usual or desirable in the opinion of the Manager for the purpose of exercising its powers and performing its obligations. All reasonable and proper fees, charges and moneys payable to any such persons and all disbursements, expenses, duties and outgoings properly chargeable in respect of those persons must be paid by the Company or, at the option of the Manager, paid by the Manager and reimbursed by the Company,

and the Company must ratify and confirm all transactions and appointments made by the Manager in accordance with this Agreement.

5.7. Approved Valuer

The Manager may appoint the auditor of the Company or the Approved Valuer to calculate the Value of the Portfolio in accordance with Clause 4.2.

5.8. Execution of Authorisations

The Company must execute all proxies, powers of attorney and other instruments as may be reasonably necessary or expedient to enable the Manager or any officer or delegate of the Manager to fulfil the duties and exercise the powers referred to in Clause 4 and this Clause 5.8 respectively.

5.9. Directions

- (a) Subject to this Clause 5.9, throughout the Term the Manager must comply with all proper and reasonable directions and instructions given to it by the Investment Committee.
- (b) The Investment Committee cannot require the Manager to undertake duties not imposed on the Manager by this Agreement, to act contrary to this Agreement or in a manner which in the reasonable opinion of the Manager will, or is likely to result in a breach by the Manager of the terms of this Agreement.
- (c) If the Manager acts in accordance with any directions given to it by the Investment Committee, then the Company is solely responsible for the consequences of the Manager's actions, and in particular:
- (i) the consequences of the Manager acting in accordance with the Company's directions will not be grounds for termination or breach of this Agreement; and
 - (ii) the Manager is entitled to an indemnity from the Company in its capacity as the Company, in respect of losses, damage, costs and expenses suffered or incurred by the Manager as a result of the Manager acting in accordance with the directions.

6. Investment Committee

6.1. Investment Committee

- (a) The Parties acknowledge that the Company has established an investment committee. The investment committee will comprise at least a nominee of the Manager and 2 nominees of the Company. One of the nominees of the Company must be an independent director.
- (b) The Manager and the Company must ensure that the members of the Investment Committee they have nominated give all reasonable assistance to the Manager through the Investment Committee to enable the Manager to perform its obligations under this Agreement.

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- (c) The Manager and Company may remove any member of the Investment Committee appointed by it and replace that member with another nominee by notice in writing provided that nominee is an experienced participant in the securities industry with the skills necessary to assist the Manager perform its investment management function under this Agreement.
- (d) Subject to Clause 6.1(f), the Manager must not take any action to effect the removal of a member appointed by the Company from the Investment Committee.
- (e) Nothing restricts the ability of the Manager to require a member of the Investment Committee to resign where it considers that the member has failed or is reasonably expected to fail to comply with the reasonable directions, instructions or policies issued by the Manager from time to time to ensure compliance with requirements of the Licence under which the Manager performs its obligations under this Agreement and the Applicable Regulations.
- (f) The Manager and the Company must ensure that each member of the Investment Committee that they have appointed comply with all reasonable directions and instructions from time to time of the Manager to the extent necessary to ensure that the Manager complies with its Licence requirements or, where the Manager itself acts as authorised representative of a third party holding a Licence, that third party's Licence's requirements, and Applicable Regulations.
- (g) The Company has the right to appoint, remove and replace the chairman of the Investment Committee from time to time. If the Company elects a representative of the Manager as the chairman, the Company may remove that nominee as chairman but may not remove that nominee as a member of the Investment Committee.

6.2. Proceedings of Investment Committee

- (a) The Investment Committee has responsibility for reviewing the performance of all investment functions of the Manager on behalf of the Company under this Agreement.
- (b) The primary role of the Investment Committee is to:
 - (i) review information, research and analysis compiled by the Manager with respect to Asian economic conditions, Asian equity markets and Asian fund managers and funds; and
 - (ii) determine the allocation of the Company's capital in relation to investment in various Funds.
- (c) Meetings of the Investment Committee must be conducted in such a manner as the Investment Committee may determine.
- (d) The provisions of this Clause 6 may be amended or the obligations or breaches of this Clause 6 waived by the Parties.

6.3. Automatic removal of a member

A member of the Investment Committee automatically ceases to be a member if:

- (a) that member is disqualified from managing a corporation in accordance with Part 2D.6 of the Corporations Act or a comparable provision of Applicable Regulations;
- (b) a banning order within the meaning of section 920B of the Corporations Act or a comparable order is made under a provision of Applicable Regulations is made with respect to that member and that order has not been revoked or otherwise cancelled;
- (c) the Manager determines, acting reasonably and in good faith, that the continued participation of the member is reasonably likely to lead to the termination, suspension or imposition of a

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material condition on the Licence held by the Manager or under which it performs its obligations under this Agreement;

- (d) the member commits an act of bankruptcy or compounds with creditors; or
- (e) the member is of unsound mind or becomes liable to be dealt with under any law relating to mental health.

6.4. Quorum for meetings of Investment Committee

- (a) The quorum for meetings of the Investment Committee is at least 2 members present at the commencement and throughout the whole of the meeting. These must include the member nominated by the Manager.
- (b) However, if a quorum is not present within 30 minutes of the scheduled time for the commencement of the meeting due to the absence of the member appointed by the Manager, the meeting is adjourned to the same place and time 5 Business Days later. If a quorum is again not present due to the absence of a member nominated by the Manager, the meeting may proceed without the member represented by the Manager.

6.5. Voting of the Investment Committee

- (a) At any meeting of the Investment Committee each member present at that meeting has 1 vote.
- (b) In the event of an equality of votes, the chairman of the Investment Committee has a casting vote in addition to his deliberative vote.

6.6. Alternate Members

- (a) A member may appoint and remove an alternate member by notice to the Investment Committee from time to time. An alternate may be one of the other members.
- (b) An alternate may attend all meetings of the Investment Committee. However, an alternate member may only be counted in a quorum and may only vote and have his or her vote counted if the member to whom he or she is the alternate is not present at the meeting.

6.7. Licence Requirements

- (a) If required by Applicable Regulations, the Manager must appoint or procure the appointment of each member of the Investment Committee as the authorised representative of the Manager or, where the Manager itself acts as authorised representative of a third party Licence holder, that third party in accordance with the Corporations Act.
- (b) The Manager and the Company must ensure that their nominees to the Investment Committee comply with the reasonable directions and instructions given by the Manager under Clause 6.1(f).
- (c) The Manager must notify the Company immediately of the revocation of its Licence or, where the Manager itself acts as authorised representative of a third party Licence holder, that third party's Licence or the imposition of any conditions relating to the Licence under which it performs its obligations under this Agreement by ASIC or of any variation in any conditions so imposed which would in any way affect the conduct and performance of its functions and obligations pursuant to this Agreement.

7. Expenses

7.1. Company Expenses

The Company is liable for and must pay out of the Portfolio (or if paid by the Manager, reimburse the Manager out of the Portfolio) all fees, costs and expenses properly incurred in connection with the investment and management of the Portfolio, the acquisition, disposal or maintenance of any Investment or performance of the Manager's obligations under this Agreement including:

- (a) fees (including entry fees, transaction fees, management fees, performance fees, exit fees or commission payable to a manager of a Fund with which the Company has an investment;
- (b) all stamp duties, financial institutions duty, bank account debits tax and taxes incurred by the Company or the Manager (or both) in connection with:
 - (i) the acquisition and negotiation of any Investment or Proposed Investment;
 - (ii) any sale or proposed sale, transfer, exchange, replacement or other dealing or proposed dealing with or disposal or proposed disposal of any Investment;
 - (iii) the receipt of income or other entitlements from the Investments of the Portfolio;
 - (iv) the engagement of any custodian to hold any Investment on behalf of the Company; and
- (c) the costs of calling and holding general meetings of the Company;
- (d) fees payable to ASIC or any other regulatory body;
- (e) outgoings in relation to the Portfolio such as insurance premiums, rates, levies, duties and taxes;
- (f) all costs, legal fees, fees, disbursements and expenses, commissions and brokerage incurred by the Company or the Manager (or both) in connection with:
 - (i) the acquisition and negotiation of any Investment or Proposed Investment;
 - (ii) any sale or proposed sale, transfer, exchange, replacement or other dealing or proposed dealing with or disposal or proposed disposal of any Investment;
 - (iii) the engagement of any custodian to hold any Investment on behalf of the Company; and
- (g) independent legal advice obtained by the directors of the Company in accordance with the Company's corporate governance policy;
- (h) the costs associated with undertaking distributions, returns of capital, share buy-backs or other reductions of capital;
 - (i) the costs associated with raising additional capital;
 - (j) the costs associated with any winding up of the Company;
- (k) fees payable to the Approved Valuer for valuations undertaken under the Agreement;
- (l) all accounting services, taxation advice and audit costs of the Company whether or not in relation to the Portfolio;
- (m) costs associated with maintaining a share register;

- (n) the costs associated with any research in relation to the Portfolio, including travel and third party advice or research; and
- (o) any additional software licensing or software subscription fees in connection with risk monitoring, investment research, accounting and valuation specifically in relation to the Portfolio incurred by the Manager approved by the Company if in excess of A\$50,000.

8. Warranties, Undertakings and Acknowledgement by the Company

8.1. Warranties

The Company warrants and represents to the Manager that the Company has the power to enter into and perform this Agreement.

8.2. Company Undertakings

The Company undertakes to the Manager that it will:

- (a) not do or permit to occur any act, matter or thing or omit to do any act, matter or thing constituting a breach or contravention by the Company of the Applicable Regulations, other than acts or omissions by or on behalf of the Manager not instigated or caused by the Company;
- (b) except as provided in this Agreement, not sell, dispose of or part with possession of any of the Investments or mortgage or charge any of the Investments;
- (c) not carry on any business in relation to the Portfolio (including the investment of any funds or dealing in the Portfolio or any part of it) other than pursuant to or as contemplated in this Agreement; and
- (d) without delay forward to the Manager copies of all notices, reports, circulars and other documents relating to the Investments received by it.

8.3. Acknowledgment

The Company acknowledges that neither the Manager nor any related body corporate of the Manager guarantees the repayment of capital or the performance of the Portfolio or makes any representation concerning any of these matters.

9. Warranties and Undertakings by the Manager

9.1. Manager Warranties

The Manager warrants and represents to the Company that:

- (a) it has the power to enter into and perform this Agreement, subject only to those express limitations that have been advised to the Company in writing; and
- (b) at all times during the Term, the Manager will itself hold a Licence or will act lawfully as an authorised representative of a third party holding a Licence.

9.2. Manager Undertakings

The Manager undertakes to the Company that it must:

- (a) maintain sufficient resources necessary to perform its duties under this Agreement;
- (b) not do or permit to occur any act, matter or thing or omit to do any act, matter or thing constituting a breach or contravention by the Manager or the Company of the Applicable

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Regulations, other than acts or omissions by the Company not instigated or caused by, or on behalf of, the Manager;

- (c) act consistently with the Applicable Regulations and the written guidelines issued by the Board from time to time;
- (d) keep or cause to be kept proper books of account in relation to the Portfolio and cause the accounts of the Company kept in accordance with the law to be audited in compliance with the Corporations Act;
- (e) subject to Clause 13.2, without delay, forward to the Company copies of all notices, reports, circulars and other documents relating to the Investments received by it;
- (f) on receipt, deliver or cause to be delivered all documents and papers relating to the Portfolio including share certificates, debenture certificates and documents of title, to the Secretary of the Company;
- (g) maintain a register of bodies corporate that it holds a Relevant Interest in from time to time during the Term and must make access available to this register to the Company and its advisers on the Company giving 2 Business Days notice to the Manager; and
- (h) not permit the Company to acquire any Relevant Interest in any body corporate so as to cause the Company to contravene Section 606 of the Act.

10. Liability of the Manager and the Company

10.1. No Liability

Subject to the Applicable Regulations and the terms of this Agreement, the Manager will, in relation to all the powers, authorities and discretions vested in it, have absolute and uncontrolled discretion as to:

- (a) whether or not to exercise them; and
- (b) the manner or mode of, and time for, their exercise,

and in the absence of gross negligence, other default, fraud or dishonesty, the Manager will not be in any way whatsoever responsible for any loss, costs, damages or inconvenience that may result from the exercise or failure to exercise those powers, authorities and discretions.

10.2. No Responsibility to Check Documents

The Company will not be responsible for checking any information, documents, forms or lists supplied to it by the Manager or any employees, attorneys, agents, delegates or sub-agents of the Manager reasonably believed by the Company to be genuine whether or not in error if any such information, documents, forms or lists is reproduced by the Company.

10.3. No Responsibility for Non-realisation

Neither the Company nor the Manager (nor any of their respective officers and employees) will on any account be under any liability to the other by reason of it not having realised any specific price or reserve in respect of any Investment or property disposed of or having acquired any Proposed Investment at a particular price.

11. Remuneration of Manager

11.1. Management Fee

- (a) In return for the performance of its duties as Manager of the Company, the Manager is

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entitled to be paid, and the Company must pay to the Manager, (which remuneration is to be retained for the use and benefit of the Manager) a management fee payable Monthly in arrears (Management Fee) equivalent to 0.08334% of the Value of the Portfolio calculated on the first Business Day of each Month (equivalent to an annualised management fee of 1%).

- (b) If this Agreement is terminated on a day other than the last Business Day of a Month, the Management Fee for that Month will be determined on the last Business Day of the Term adjusted pro rata for the number of Business Days in that Month.
- (c) Where the Agreement commences on a date other than the first day of a Month, the Management Fee payable in respect of the first period will be calculated on a pro-rata basis for that initial period.

11.2. Performance Fee

There is no performance fee payable to the Manager.

12. Period of Agreement and Termination

12.1. Term

- (a) Subject to Clause 12.1(b), this Agreement remains in force for the period of 5 years from the Commencement Date unless terminated earlier by either Party in accordance with this Clause 12 (**Initial Term**).
- (b) This Agreement is automatically extended upon the expiry of the Initial Term for a further term of 5 years and if not terminated earlier on each subsequent fifth anniversary of the expiry of the Initial Term.
- (c) Either Party may terminate this Agreement on expiry of the Initial Term or each subsequent fifth anniversary of expiry of the Initial Term by giving not less than 3 months' written notice.

12.2. Termination by Manager

The Manager may terminate this Agreement at any time by giving to the Company at least 6 months' written notice.

12.3. Termination by Company

The Company may remove the Manager and terminate this Agreement:

- (a) If shareholders of the Company resolve by ordinary resolution in general meeting that the Manager should be removed as manager of the Company, on delivery of 3 months' prior written notice;
- (b) with immediate effect if:
 - (i) an Insolvency Event occurs with respect to the Manager;
 - (ii) the Manager is in default or breach of its obligations under this Agreement in a material respect and such default or breach cannot be rectified;
 - (iii) the Manager is in default or breach of its obligations under this Agreement in a material respect and fails to remedy that default or breach within 30 days after receiving notice of that default or breach; or
- (c) the Manager persistently fails to ensure that Investments made on behalf of the Company are consistent with the Investment Strategy applicable at the time the Investment is made; or

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- (d) the Licence which the Manager performs its obligations under this Agreement under is suspended for a period of not less than 1 month or cancelled at any time and the Manager fails to obtain an authorisation enabling it to perform its obligations under this Agreement from a third party holder of a Licence.

12.4. Termination Fee Payable

If the Company terminates this Agreement under Clause 12.3(a) , the Company must pay the Manager a termination payment on the termination date calculated in accordance with the following formula:

$$TP = VP \times 5 \times \left(1 - \frac{M}{60}\right) \%$$

where:

TP is the termination payment;

VP is the Value of the Portfolio as at the termination date; and

M is the number of Months since the later of the Commencement Date and the last date on which the Term has been automatically extended under Clause 12.1(b).

12.5. Termination Does Not Prejudice Rights

The termination of this Agreement will not affect or prejudice:

- (a) the continued operation of this Clause 12 and 18 or any other provisions of this Agreement necessary to give effect thereto;
- (b) any right which a Party may have in respect of any breach by the other Party which occurred prior to the termination; and
- (c) the obligation of the Company to indemnify the Manager under Clause 18 of this Agreement with respect to any default, negligent act or omission of the Company occurring prior to the termination date.

13. Voting

13.1. Voting

The Company authorises the Manager to exercise any right to vote attached to a share or unit forming part of the Portfolio.

13.2. No Entitlement to Notice of Meeting

The Manager is not required to dispatch to the Company a notice of meeting relating to any person, company or managed investment scheme in which the Portfolio is invested.

14. General

14.1. Assignment and Novation

- (a) The Manager may not assign all or any of its right, title and interest in this Agreement to a third party except with the prior consent in writing of the Company, which consent must not be unreasonably withheld or delayed.
- (b) The Company may not assign all or any of its rights under this Agreement except with the prior consent in writing of the Manager, which consent must not be unreasonably withheld or

delayed.

14.2. Waiver

- (a) Waiver of a breach of this Agreement or of any rights created by or arising upon default under this Agreement, or upon an event of default, must be in writing and signed by the Party granted the waiver.
- (b) A breach of this Agreement is not waived by a failure to exercise, a delay in exercising or the partial exercise of any remedy available under this Agreement or in law or equity.
- (c) Any right created by, or arising upon, default under this Agreement, or upon an event of default, is not waived by:
 - (i) a failure to exercise;
 - (ii) a delay in exercising; or
 - (iii) a partial exercise of,
 that right.

14.3. Notice

- (a) A notice required or authorised to be given or served upon a Party pursuant to this Agreement will be in the English language, in writing and may be given or served by facsimile, telex, telegram, cable, email, post or hand to that Party at its address, telex or facsimile number or such other address, facsimile number as the Party may have notified in writing to other Party or Parties.
- (b) A notice will be deemed, (in the absence of proof to the contrary), to have been given or served on the Party to whom it was sent:
 - (i) in the case of hand delivery, upon delivery during Business Hours;
 - (ii) in the case of prepaid post, 2 Business Days after the date of dispatch;
 - (iii) in the case of facsimile transmission, at the time of dispatch provided that following transmission the sender receives a transmission confirmation report or if the sender's facsimile machine is not equipped to issue a transmission confirmation report the recipient confirms in writing that the notice has been received; or
 - (iv) in the case of email transmission, at the time of dispatch provided that following transmission the sender does not receive an error message indicating that the email transmission has not been completed.
- (c) A certificate, notice, instruction or other communication given or served under this Agreement will be sufficient if signed by one director or secretary of the respective Party to the Agreement giving such notice or by any other person or persons purporting to be and reasonably believed to be duly authorised by the respective Party to the Agreement giving such notice.
- (d) The provisions of this clause are in addition to any other mode of service permitted by law.
- (e) In this clause **notice** includes a demand, request, consent, approval, offer and any other instrument or communication made, required or authorised to be given under or pursuant to a provision of this Agreement.
- (e) In this clause **Business Hours** means from 9:00am to 5:00pm on a Business Day.

14.4. Further Assurance

Each of the Parties will and will procure their respective officers, servants and agents to sign, execute and do all such further documents, acts, matters and things as will be necessary or desirable to give effect to the provisions of this Agreement.

14.5. Governing Law and Jurisdiction

- (a) This Agreement is governed by and is to be construed in accordance with the laws of the State of New South Wales.
- (b) Each Party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the Courts of the State of New South Wales.

14.6. Severability

Part or all of any provision of this Agreement that is illegal or unenforceable may be severed from this Agreement and, except where the severance of such a provision fundamentally alters this Agreement, the remaining provisions of this Agreement continue in force.

14.7. Entire Agreement

This Agreement contains the entire understanding of the Parties as to its subject matter and there is no other understanding, agreement, warranty or representation whether expressed or implied in any way extending, defining or otherwise relating to these provisions or binding on the Parties with respect to any of the matters to which this Agreement relates.

14.8. Amendment

This Agreement may only be altered:

- (a) in writing executed by all Parties; and
- (b) while the Company is a Listed Entity, after complying with all requirements of the ASX Listing Rules and other requirements imposed by ASX from time to time in accordance with the ASX Listing Rules.

14.9. Counterparts

This Agreement may be executed in any number of counterparts each of which, when so executed, is deemed to be an original and those counterparts will constitute one and the same instrument.

15. Force Majeure

15.1. Force Majeure

- (a) The obligations of a Party under this Agreement will be suspended to the extent that it is wholly or partially precluded from complying with its obligations under this agreement by Force Majeure.
- (b) This Clause 15.1 will not apply to any obligation to pay money.
- (c) If after a period of 6 months the Force Majeure persists the Party affected by the Force Majeure will have the right in its sole discretion to terminate this Agreement on giving 30 days notice of its intention to do so.

16. Non-Exclusivity

16.1. Non-Exclusivity

Provided that the Manager does not prejudice or otherwise derogate its responsibilities specified in this Agreement, the Manager may from time to time perform similar investment and management services for other persons.

16.2. Acknowledgment Regarding Other Companies

The Company acknowledges that:

- (a) the Manager has no obligation to purchase or sell, or recommend for purchase or sale, for the account of the Company, any investment which the Manager purchases or sells for its own account or for the account of any other company; and
- (b) the Manager may give advice and take action in the performance of its duties for other companies which differ from advice given and action taken in relation to the Portfolio.

17. Confidentiality

17.1. Confidentiality

Each Party undertakes to the other that it and any of its attorneys, agents, employees and contractors will, during the continuance of this Agreement and also after its termination faithfully and honestly keep and cause to be kept confidential and not reveal or make known any of the matters, affairs and concerns of the other Party and will not reveal or make known any of the matters, affairs or concerns of the other Party which may come to its knowledge or its attorneys, agents, employees and contractors as contemplated by this Agreement unless required by law or when authorised to do so by the other Party.

18. Indemnity

18.1. Company Indemnity

The Company must indemnify the Manager against any losses or liabilities reasonably incurred by the Manager arising out of, or in connection with, and any costs, charges and expenses (including legal expenses on a solicitor/own client basis) incurred in connection with the Manager or any of its officers, employees or agents acting under this Agreement or on account of any bona fide investment decision made by the Manager or its officers or agents except insofar as any loss, liability, costs, charge or expense is caused by the negligence, default, fraud or dishonesty of the Manager or its officers or employees. This obligation continues after the termination of this Agreement.

18.2. Manager Indemnity

The Manager must indemnify the Company against any losses or liabilities reasonably incurred by the Company arising out of, or in connection with, and any costs, charges and expenses incurred in connection with, any negligence, default, fraud or dishonesty of the Manager or its officers or supervised agents. This obligation continues after the termination of this Agreement.

18.3. Conduct of Proceedings

If any person commences any legal or statutory proceeding against the Manager or to which the Manager is joined as a party arising out of any alleged default, negligent act or omission of the Manager, the Company or its employees, agents or contractors in the performance of obligations under this Agreement, the Manager may by written notice to the Company require the Company to be responsible for the conduct and costs of any defence or other resolution of such proceedings provided that the Manager will provide the Company with all assistance reasonably requested for the purpose of such defence.

18.4. Indemnity not affected by delegation

Notwithstanding any delegation or appointment pursuant to Clause 5.5 or Clause 5.6 the Company will remain liable for and indemnify the Manager against any losses, expenses or liabilities arising from acts or omissions of any officer, employee, attorney, agent, sub-delegate or sub-agent to whom any delegation is made or who is appointed under Clause 5.5 or Clause 5.6 of this Agreement except in so far as any loss or liability is caused by an act or omission in breach of this Agreement, negligence, other default, fraud or dishonesty of the Manager or its officers, employees or agents where the Manager, its officers, employees or agents know or ought reasonably to have known that the action would constitute a breach of this Agreement, negligence, other default, fraud or dishonesty and know or ought reasonably to have known that the loss or liability was likely to arise.

19. Disputes

19.1. Notice of Dispute

If any dispute or difference or disputed question concerning this Agreement or the construction, meaning, operation or effect of any of the terms of this Agreement or as to the rights, duties or liabilities of the Manager or the Company under this Agreement arises between the Manager and the Company, then the Manager or the Company may give to the other notice in writing of such dispute or difference.

19.2. Arbitration

- (a) Upon the expiration of 7 days after giving the notice referred to in Clause 19.1, unless it will have been otherwise settled between them, the matter in question may be submitted by either the Manager or the Company to such person as the Parties agree in writing or failing agreement within 7 days to the president for the time being of the Law Society of New South Wales or if he is unwilling to act, to such counsel as will be willing to act as he may select in accordance with and subject to the Commercial Arbitration Act 1984 (NSW).
- (b) The award of the arbitrator will be final and binding on the Parties.
- (c) Upon every or any such reference, the costs of or incidental to the reference and award respectively will be in the discretion of the arbitrator who may determine the amount thereof, or direct the same to be taxed as between solicitor and Company, or as between party and party, and will direct by whom and to whom, and in what manner the same should be borne and paid.

20. GST

20.1. GST


- (a) Unless expressly included, the amounts payable for any supply under or in connection with this Agreement does not include GST.
- (b) To the extent that any supply made under or in connection with this Agreement is a taxable supply, the supplier may increase the amounts payable for that supply by an amount not exceeding the amounts payable multiplied by the rate at which GST is imposed in respect of the supply.
- (c) If either Party is entitled under this Agreement to be reimbursed or indemnified by the other Party for a cost or expense incurred in connection with this Agreement, the reimbursement or indemnity payment must not include any GST component of the cost or expense to the extent that the cost or expense is:
 - (i) a creditable acquisition incurred by the Party being reimbursed or indemnified or by its representative member; and

- (ii) for a creditable purpose.
- (d) Words used in this Clause 20.1 which have a defined meaning in the GST Law have the same meaning as in the GST Law.
- (e) A Party need not make a payment for a taxable supply made under or in connection with this Agreement in respect of the tax or supply until the supplier has given the recipient a tax invoice for the supply to which the payment relates.
- (f) Each Party must do all things necessary or reasonably desirable to ensure that the other Party may claim input tax credits or refunds in respect of payments or set-offs pursuant to this Agreement.

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Executed by the Parties as an Agreement:

SIGNED by)
Asian Masters Fund Limited)
(ACN 127 927 584))
in accordance with section 127 of the)
Corporations Act:)



Director

John Holland

Name (please print)



Director

Stuart Nisbett

Name (please print)

SIGNED by)
Walsh & Company Asset Management)
Pty Limited (ACN 159 902 708) in)
accordance with section 127 of the)
Corporations Act:)



Director

Alex MacLachlan

Name (please print)



Director

Tom Kline

Name (please print)

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