

Item 1- Cover Page**VIVO CAPITAL, LLC**

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This brochure provides information about the qualifications and business practices of Vivo Capital, LLC. If you have any questions about the contents of this brochure, please contact us at (650) 688-0818. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

Vivo Capital, LLC is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an investment adviser provide you with information about which you determine to hire or retain such an adviser.

Copies of this Brochure may be requested by contacting Cinthia Sheu at 650-688-0818 or csheu@vivocapital.net. Additional information about Vivo Ventures, LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes: This is the initial brochure for Vivo Capital, LLC. This document should be reviewed in its entirety.

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Item 4 – Advisory Business

- A. Vivo Capital, LLC (“Vivo” or the “Firm”), formerly known as Vivo Ventures, LLC a Delaware limited liability company, formed on July 6, 2005, is an investment adviser located in California. Vivo serves as an investment adviser to pooled investment vehicles (each, a “Fund” or a “Client”)¹. An affiliate of Vivo serves as the general partner (or similar managing body) of each Fund. Vivo currently has 15 investment professionals based both in the U.S. and in China. Vivo is managed by six Managing Partners: Dr. Frank Kung, Dr. Albert Cha, Mr. Shan Fu, Dr. Edgar Engleman, Dr. Chen Yu, and Mr. Jin Zhao.
- B. Vivo is a growth capital firm that focuses on finding and building value in healthcare companies in the U.S. and China. We believe Vivo has a unique and sustainable strategy with a demonstrated track record across seven funds and 17 years of investing.

Vivo is affiliated with entities that serve as the general partners (or similar capacity with regards to entities formed for China) to each of the Funds (each, a “General Partner” and, collectively, the “General Partners”) and each of the Funds is controlled by its respective General Partner. The following is a list of each of the General Partners, each of which is an affiliated investment adviser of Vivo:

General Partners:

- Bioasia Management, LLC
 - Bioasia Investments IV, LLC
 - Bioasia Investments, LLC
 - Vivo Ventures V, LLC
 - Vivo ventures VI, LLC
 - Vivo Ventures VII, LLC
 - Vivo Ventures Cayman VII (GP), LP
- C. Each Fund has a set of specific guidelines which are set forth in the governing documents of the applicable Fund and its offering documents. These guidelines may provide for limits on the size, concentration, geography, type of security and/or terms of the Fund’s investments.
- D. The Registrant does not participate in wrap fee programs.
- E. As of March 31, 2013 Vivo managed \$937,526,299 in assets on a discretionary basis and 0.00 assets on a non-discretionary basis.

¹ “Fund” or “Client” means a private investment fund to which Vivo provides investment advice and/or invests on a discretionary or nondiscretionary basis. The individuals and other persons that invest in the Vivo private investment funds are generally referred to herein as “investors.” Unless otherwise expressly stated herein, the terms “Fund” and “Client” do not include “investors.”

Item 5 – Fees and Compensation

- A. Interests in the Funds were only offered to “accredited investors” or “qualified purchasers” as defined in the Investment Company Act. Investors and prospective investors should refer to the Funds’ governing and offering documents for a detailed description of the fees associated with investments in the Funds.
- B. Vivo deducts management fees (the “Management Fee”) directly from the Funds’ assets paid quarterly in advance. The Firm may also be entitled to a performance fee (the “Carried Interest”), based on cumulative net profits from investments. Carried Interest, if applicable, is distributed directly from a Fund’s assets and not on a pre-determined schedule.
- C. Each Fund will also bear all costs and expenses related to the purchase, holding, sale or exchange of portfolio securities, Management Fee, Fund meetings, advisory committee matters, indemnification obligations pursuant to the partnership agreement, liability and other insurance premiums, expenses associated with communications and reports, all legal and accounting fees relating to the Fund and its activities, and any extraordinary expenses of the Fund.

Each Fund will also bear all costs and expenses related to the liquidation of the Fund’s assets upon termination of the Fund. Investors and prospective investors should refer to the Funds’ governing and offering documents for a detailed description of the expenses borne by the Funds.

- D. Clients are generally required to pay Management Fees quarterly in advance, as specified in each Fund’s governing and offering documents. In the event Vivo does not provide services for the full period, the Management Fee is typically required to be returned to investors in the applicable Fund. In general, the amount of fees returned is calculated based on the number of days remaining in the applicable period.
- E. Neither Vivo nor any of its supervised persons receive, directly or indirectly, any compensation from the sale of securities or other investment products.

Item 6 – Performance-Based Fees and Side-By-Side Management

The General Partners may be entitled to receive a carried interest distribution, which is based on cumulative net profits from investments specified in each Fund’s governing and offering documents.

The Carried Interest Distribution may create an incentive for the Firm to recommend to the Funds investments that are riskier or more speculative than those which would be made under a different fee arrangement. However, the Firm is committed acting at all times in the best interests of the Funds. To this end, the Firm has implemented internal controls to address the potential conflicts associated with performance based fees, as more fully described in each Fund’s governing and offering documents.

Item 7 – Types of Clients

Vivo provides investment advice to the Funds, which are private investment vehicles that are exempt from registration under the Investment Company Act. The Funds' investors are limited to individuals and entities that meet certain suitability criteria including "accredited investors", "qualified clients" and "qualified purchasers." The Funds are marketed exclusively to institutional investors and high net worth individuals that meet these criteria.

Going forward, the minimum investment in a Fund is \$25,000,000; however, this minimum may be waived at the discretion of the General Partner of each Fund.

Item 8 – Methods of Analysis, Investment Strategies and Risk Factors

A. We believe that Vivo is differentiated among healthcare investors in a number of critical aspects.

First, we believe that successful investing in therapeutics companies requires the ability to pick the right products. Put simply, if drugs or devices do not work or cannot get FDA approval, it is impossible to generate liquidity, let alone superior returns.

We believe that our team has proven particularly adept at evaluating therapeutic products (i.e., drugs or devices that treat disease) that are likely to be successful in gaining FDA approval. Since inception, Vivo has invested in companies that have obtained numerous FDA approvals. This has been driven by investing at late stage so that the risk of approval has been largely removed, as well as our in-house clinical and scientific expertise and knowledge to help guide companies to conducting the appropriate studies for approval.

To be able to ascertain whether FDA approvals are likely, we have built a team that is highly experienced at evaluating clinical and scientific data. Our team has advanced scientific and/or medical training (5 M.D.'s, 4 Ph.D.'s), and many of us have published extensively in the peer reviewed scientific and medical literature. We believe that our ability to analyze clinical and scientific data in great detail is a crucial reason we have been accurate at predicting the likelihood of FDA approval. Also, we do not invest in companies that do not have significant human data indicating that a product will be able to be approved by the FDA. In many cases, we identify products that have been used extensively for the treatment of other diseases, providing a wealth of safety data that can reduce the risk of future failure due to unacceptable toxicity.

There can be no assurance that Vivo and the Funds will achieve their investment objectives or that investment strategies employed by Vivo will be successful. The Firm's investment program is speculative and entails substantial risks, including risk of loss of the entire investment, a risk which the Funds and its investors should be prepared to bear.

As a general matter, Vivo utilizes the methods of analysis and investment strategies described in the governing and offering documents. The information contained herein is a summary only. Investors and prospective investors should refer to those documents for a complete overview of Vivo's methods of analysis and investment strategies.

B/C.

Potential limited partners should be aware that an investment in the Fund involves a high degree of risk. There can be no assurance that the Fund's investment objectives will be achieved, or that a limited partner will receive a return of its capital. In addition, there will be occasions when the General Partner and its affiliates may encounter potential conflicts of interest in connection with the Fund. The following considerations, among others, should be carefully evaluated before making an investment in the Fund.

GENERAL RISKS

RISK INHERENT IN GROWTH CAPITAL INVESTMENTS. The types of investments that the Fund anticipates making involve a high degree of risk. In general, financial and operating risks confronting portfolio companies can be significant. While targeted returns should reflect the perceived level of risk in any investment situation, there can be no assurance that the Fund will be adequately compensated for risks taken. A loss of an investor's entire principal is possible. The timing of profit realization is highly uncertain. Losses are likely to occur early in the Fund's life, while successes often require a long maturation.

Early-stage and development-stage companies often experience unexpected problems in the areas of product development, manufacturing, marketing, financing, and general management, which, in some cases, cannot be adequately solved. In addition, such companies may require substantial amounts of financing which may not be available through institutional private placements or the public markets. The percentage of companies that survive and prosper can be small.

Investments in more mature companies in the expansion or profitable stage involve substantial risks. Such companies typically have obtained capital in the form of debt and/or equity to expand rapidly, reorganize operations, acquire other businesses, or develop new products and markets. These activities by definition involve a significant amount of change in a company and could give rise to significant problems in sales, manufacturing, and general management of these activities.

INVESTMENT IN COMPANIES DEPENDENT UPON NEW SCIENTIFIC DEVELOPMENTS AND TECHNOLOGIES. The Fund plans to focus on investing in biotechnology and life science companies. The value of the Fund's interests may be susceptible to factors affecting the biotechnology and life science industries and to greater risk and market fluctuation than an investment in a fund that invests in a broader range of securities. The specific risks faced by biotechnology and life science companies include:

- Rapidly changing science and technologies;
- Products or technologies that may quickly become obsolete;
- Exposure to a high degree of government regulation, making these companies susceptible to changes in government policy and failures to secure, or unanticipated delays in securing, regulatory approvals;
- Scarcity of management, technical, scientific, research and marketing personnel with appropriate training;

- The possibility of lawsuits related to patents and intellectual property; and
- Rapidly changing investor sentiments and preferences with regard to biotechnology sector investments (which are generally perceived as risky).

CHANGING ECONOMIC CONDITIONS. The success of the General Partner's investment strategy could be significantly impacted by changing external economic conditions in the United States and global economies. The stability and sustainability of growth in global economies may be impacted by terrorism or acts of war. Changing economic conditions could potentially adversely impact the valuation of portfolio holdings.

NO ASSURANCE OF RETURNS. There can be no assurance that the Limited Partners will receive distributions from the Fund in an amount equal to their investment in the Fund. The timing of profit realization is highly uncertain.

RELIANCE ON THE GENERAL PARTNER. The General Partner of the Fund will have sole discretion over the investment of the funds committed to the Fund as well as the ultimate realization of any profits. As such, the pool of funds in the Fund represents a blind pool of funds. Investors in the Fund will be relying on the General Partner to conduct the business as contemplated by this document. The loss of one or more senior investment professionals of the General Partner could have a significant adverse impact on the business of the Fund. No assurances can be given that each of the Principals will continue to be affiliated with the Fund throughout its term. Notwithstanding any prior experience that members of the General Partner may have in making investments of the type expected to be made by the Fund, any such prior experience necessarily was obtained under different market conditions and with different technologies at the forefront of development. There can be no assurance and members of the General Partner will be able to duplicate prior levels of success.

COMPETITIVE MARKETPLACE. The marketplace for growth capital investing has become increasingly competitive. Intermediation by financial intermediaries has increased, substantial amounts of funds have been dedicated to making investments in the private sector and the competition for investment opportunities is at historically high levels. Some of the Fund's competitors may have more relevant experience, greater financial resources and more personnel than the General Partner. There can be no assurances that the General Partner will locate an adequate number of attractive investment opportunities. To the extent that the Fund encounters competition for investments, returns to Limited Partners may vary.

MINORITY INVESTMENTS. The vast majority of the Fund's investments are expected to be minority stakes in privately held companies. The Fund may also invest in companies for which the Fund has no right to appoint a director or otherwise exert significant influence. In such cases, the Fund will be significantly reliant on the existing management and Board of Directors of such companies, which may include representatives of other financial investors with whom the Fund is not affiliated and whose interest may conflict with the interests of the Fund. In addition, during the process of exiting investments, the Fund is highly likely to hold minority equity stakes if portfolio holdings are taken public. As is the case with minority holdings in general, such minority stakes that the Fund may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes.

NO ASSURANCE OF ADDITIONAL CAPITAL FOR INVESTMENTS. After the Fund has financed a company, continued development and marketing of products may require that additional financing be provided. In particular, biotechnology and life sciences companies – a sector in which the Fund expects to invest – have substantial capital needs that are typically funded over several stages of investment. No assurance can be made that such additional financing will be available and no assurance can be made as to the terms upon which such financing may be obtained. Alternatively, the Fund, either directly or through one of its portfolio companies, may elect to sell developed or undeveloped technology to existing companies. No assurance can be made that buyers for such technology can be located or that the terms of any such sales will be advantageous.

FUTURE AND PAST PERFORMANCE. The performance of Vivo's prior funds is not necessarily indicative of the Fund's future results. While the General Partner intends for the Fund to make investments that have estimated returns commensurate with risks undertaken, there can be no assurance that targeted results will be achieved. Loss of principal is possible on any given investment.

BRIDGE FINANCING. The Fund may lend to portfolio companies on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term debt. Such bridge loans would typically be convertible into a more permanent, long-term security; however, for reasons not always in the Fund's control, such long-term securities may not issue and such bridge loans may remain outstanding. In such event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by the Fund.

PIPE TRANSACTIONS. The Fund may make private investments in the securities of publicly traded companies ("PIPE" transactions). The market value of any particular investment may be subject to substantial variation. Notwithstanding the existence of a public market for the securities of a particular portfolio company of the Fund, securities acquired by the Fund in PIPE transactions will not be registered under the Securities Act of 1933, as amended, and may never be registered. If the securities are not registered, these holdings will remain illiquid and be subject to a variety of legal restrictions on their resale. Moreover, even if such securities are registered, they may be thinly traded or cease to be traded after their registration, including for example as a result of periods in which trading under a related registration statement may be suspended. In addition, such securities may be issued by unseasoned companies or companies in financial distress and may be highly speculative. No assurance can be given that the Fund's portfolio will generate any income or will appreciate in value.

INVESTMENTS IN SMALL AND MEDIUM-SIZED COMPANIES. The Fund may invest a substantial portion of its assets in companies with modest capitalization. While the General Partner believes that small and medium-sized companies can provide greater growth potential than larger, more mature companies, investing in the securities of such companies also involves greater risk, potential price volatility and cost. Investments in these companies often involve higher risks because the companies lack the management experience, financial resources, product diversification, markets, distribution channels and competitive strengths of larger companies. In addition, in many instances, the frequency and volume of their trading is substantially less than is typical of larger companies. Therefore, the securities of smaller companies may be subject to wider price fluctuations. The spreads between the bid and asked prices of the securities of these companies in the U.S. over-the-counter market typically are larger than the spreads for more actively traded securities. As a result, the Fund could incur a loss if it were to sell such a

security a short time after its acquisition. When making a large sale, the Fund may have to sell a portfolio holding at a discount from quoted prices or may have to make a series of small sales over an extended period of time because of the limited trading volume of smaller company securities.

LIMITATIONS ON ABILITY TO EXIT INVESTMENTS. The General Partner expects to exit from its private company investments in two principal ways: (i) private sales (including acquisitions of its portfolio companies) and (ii) initial and secondary public offerings. At any particular time, one or both of these avenues may not be open to the Fund, or timing with respect to these exit mechanisms may be inopportune. As such, the ability to exit from and liquidate portfolio holdings may be constrained at any particular time.

POTENTIAL LIABILITIES. In connection with its investments, the Fund may negotiate the right to appoint one of the principals of the General Partner as a member of the portfolio company's Board of Directors. Such membership on the Board of Directors of a company can result in the Fund or the individual director being named as a defendant in litigation. Typically, portfolio companies will have insurance to protect directors and officers, but this insurance may be inadequate. The Fund will also indemnify the General Partner and its principals, among others, for liabilities incurred in connection with operations of the Fund, including liabilities arising from such suits. Such indemnification obligations and other liabilities could be substantial.

CONTINGENT LIABILITIES ON DISPOSITION OF INVESTMENTS. In connection with the disposition of an investment in a portfolio company, the Fund may be required to make representations about the business and financial affairs of such company typical of those made in connection with the sale of a business. The Fund may be required to indemnify the purchasers of such investment to the extent that any such representations are inaccurate. These arrangements may result in the incurrence of contingent liabilities for which the General Partner may establish reserves and escrows. In that regard, distributions may be delayed or withheld until such reserve is no longer needed or the escrow period expires.

ABSENCE OF LIQUIDITY AND PUBLIC MARKETS. The Fund's investments in private companies will generally be private, illiquid holdings. As such, there will be no public markets for the securities held by the Fund and no readily available liquidity mechanism at any particular time for any of the investments held by the Fund. In addition, the realization of value from any investments will not be possible or known with any certainty until the General Partner elects, in its sole discretion, to sell the Fund's investments and subsequently distribute the proceeds to its investors or to distribute securities to investors in lieu of cash.

NO MARKET; ILLIQUIDITY OF FUND INTERESTS. An investment in the Fund will be illiquid and involves a high degree of risk. There is no public market for limited partnership interests in the Fund, and it is not expected that a public market will develop. Consequently, Limited Partners will bear the economic risks of their investment for the term of the Fund. Prospective investors will be required to represent and agree that they are purchasing the limited partnership interests for their own account for investment only and not with a view to the resale or distribution thereof.

CERTAIN LIMITATIONS ON ABILITY OF LIMITED PARTNERS TO TRANSFER THEIR INTERESTS IN THE FUND. The transferability of interests in the Fund will be restricted by the Partnership Agreement and by

United States federal and state securities laws. In general, Limited Partners will not be able to sell or transfer their limited partnership interests to third parties without the consent of the General Partner.

LIMITED PORTFOLIO DIVERSIFICATION. As is typical of growth capital firms, the portfolio holdings of the Fund will not be broadly diversified. A downturn of the economy or in the business of any one company could impact the aggregate returns delivered to investors by the Fund.

LEGAL, TAX AND REGULATORY RISKS. Legal, tax and regulatory changes could occur during the term of the Fund that may adversely affect the Fund.

CONFLICTS OF INTEREST. Instances may arise where the interest of the General Partner (or its members) may potentially or actually conflict with the interests of the Fund and the Limited Partners. For example, the existence of the General Partner's carried interest may create an incentive for the General Partner to make more speculative investments on behalf of the Fund than it would otherwise make in the absence of such performance-based arrangements. Further, conflicts of interest may arise as a result of the Fund's Partners having investments in both the existing Vivo portfolio companies and the Fund as well as other investments both public and private. Additional conflicts of interest may arise in the allocation of investment opportunities both within and outside the United States between the Fund and its companion investment vehicles, with the general partners of such entities having complete discretion to allocate such opportunities among such entities in such proportions and under such terms as may be mutually determined in their sole discretion, including the circumstances where one or more companion investment vehicles participates in such opportunities in circumstances where the Fund is not participating and vice versa.

FAILURE TO MAKE CAPITAL CONTRIBUTIONS. If a Limited Partner fails to pay when due installments of its capital commitment to the Fund, and the contributions made by nondefaulting Limited Partners and borrowings by the Fund are inadequate to cover the defaulted capital contribution, the Fund may be unable to pay its obligations when due. As a result, the Fund may be subjected to significant penalties that could materially and adversely affect the returns to the Limited Partners (including nondefaulting Limited Partners). If a Limited Partner defaults, it may be subject to various remedies as provided in the Limited Partnership Agreement, including forfeiture of its interest.

LIMITED OPERATING HISTORY. In addition to managing the existing Funds the General Partner manages a new fund with no operating history. The Fund's investment program should be evaluated on the basis that there can be no assurance that the General Partner's assessment of the prospects of investments will prove accurate or that the Fund will achieve its investment objective. Past performance of the principals of the General Partner is not necessarily indicative of future results.

LACK OF LIMITED PARTNER CONTROL. Subject to the implementation of the investment limitations set forth in the Partnership Agreement or subject to applicable law, the General Partner has complete discretion with respect to the Fund's portfolio. The Limited Partners will not make decisions with respect to the management, disposition or other realization of any investment made by the Fund, or other decisions regarding the Fund's business and affairs.

RISKS PARTICULAR TO THE FUND'S CONTEMPLATED INVESTMENTS IN CHINA

The General Partner expects that the Fund will make some investments in China through investments denominated in renminbi and/or, even if denominated at the investment-level in a currency other than renminbi, ultimately in enterprises domiciled in and/or operating in the People's Republic of China. In general, the Chinese economic, political and legal structure differs in significant ways from those of most developed countries and other emerging markets, and these differences present a variety of risks that could impair the ability of the Fund to achieve its investment objectives. These risks include the following:

CONTINUED STATE INVOLVEMENT IN CHINESE ECONOMY. In the past, the economy of China was a planned economy subject to one- and five-year state plans adopted by the central Chinese government authorities and implemented, to a large extent, by provincial and local authorities, which set out production and development targets. Beginning in the late 1970's, China has been transitioning itself from a state-controlled economy to a market-driven economy. Over this period, the Chinese government has implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises. Despite these measures, however, the Chinese government still owns a substantial portion of the productive assets in China and continues to play a significant role in regulating commercial development. The Chinese government also exercises significant control over Chinese economic growth through taxation, the allocation of resources, controlling payment of foreign currency denominated obligations, setting monetary policy, imposing credit policy for commercial banks and providing preferential treatment to particular industries or companies. While the Chinese economy has experienced extraordinarily rapid growth in the past twenty years, this growth has been uneven, both geographically and among various sectors of the economy. This growth could slow and the economy could move into recession. Conversely, the economy could overheat resulting in high inflation and increased costs of doing business. Many of the reform-oriented policies and measures implemented by the Chinese government are unprecedented or experimental, and could lead to or exacerbate fiscal deficits, inflation, or other economic imbalances. Some of these reforms or measures benefit the overall Chinese economy but may also have a negative effect on the investments of the Fund in China. For example, the financial condition and results of operations of the investments of the Fund in China may be harmed by government control over capital investments or changes in tax regulations. The current or future political leadership of China may not continue to pursue the current course of reform. The government may modify, delay or reverse any of the measures that it implements. For example, the Chinese government may implement policies that seek to restrain the rate of economic growth, control inflation or otherwise regulate economic expansion. Reform could suffer due to political changes, social unrest, diplomatic developments, war, and such economic factors as changes in rates of national and regional economic growth, unemployment and inflation. Past recent trends have included a tightening of regulations relating to or affecting foreign investment, in some cases making portfolio company investments or exits more difficult. This may continue or become exacerbated in the future.

DEVELOPING NATURE OF CHINESE LEGAL SYSTEM. The Chinese legal system is a civil law system based on written statutes. Unlike common law systems, it is a system in which decided legal cases have little precedential value. The Chinese legal system is relatively new, and the government is still in the process of developing a comprehensive system of laws, a process that has been ongoing since 1979.

The overall effect of legislation over the past 25 years has enhanced the protections afforded to various forms of foreign investment in China. However, foreign investors may be adversely affected by new laws, frequent changes to existing laws (or interpretations thereof) and preemption of provincial or local regulations by national laws or regulations. Moreover, the administrative and judicial interpretation and implementation of laws and the resolution of commercial disputes may be subject to the exercise of considerable discretion by both administrative and judicial officials and may be influenced by external forces unrelated to the legal merits of a particular matter or dispute. These uncertainties could limit the legal protections available to the Fund and its portfolio companies in China. In addition, it is difficult to predict the effect of future developments in the Chinese legal system, particularly with regard to equity and equity-related investments by foreign investors, including the promulgation of new laws, changes to existing laws or their interpretation or enforcement, or the preemption of local regulations by national laws. Even where adequate laws exist and contractual terms are clearly stated, obtaining swift and equitable enforcement of the legal rights of the Fund and/or its portfolio companies may not be possible. There are often long delays in the hearing of legal disputes in China, if they can be heard at all. Proceedings will almost certainly be conducted in the Chinese language, and present rules generally prohibit the appearance of global counsel (i.e., counsel other than PRC locally licensed counsel) in Chinese courts. The Fund cannot expect timely or competent representation in all cases.

EXCHANGE RATE FLUCTUATIONS. Fund assets may be invested in securities denominated in the RMB or in companies of which the underlying assets or revenues in China are denominated in the RMB, whereas the books of the Fund will be maintained in USD, and capital contributions to and distributions from the Fund will be made in USD. Accordingly, the value of the portfolio of the Fund may be significantly affected by changes in the value of the RMB against the USD. The exchange rates may be adversely affected by balance of payments and other economic and financial conditions, government intervention, speculation and other factors. The Chinese regulatory authorities could impose more stringent restrictions on the convertibility of the RMB with respect to foreign exchange transactions than are currently in effect. The Fund may hedge against currency exchange risk. In addition, the Fund will incur costs in converting investment proceeds from one currency to another. There are substantial differences in points of view regarding currency and exchange rate issue, between China and sovereign nations outside of China, including the United States. These differences currently receive considerable media coverage. These differences could become protracted or exacerbated resulting in negative impacts both directly and indirectly.

Prior to 1994, the RMB experienced a significant net devaluation against most major currencies and, during certain periods, significant volatility in the market-based exchange rate. Although since 1994 the RMB-to-USD exchange rate was largely stabilized, the government has implemented several revaluations starting in 2005 and continuing through the present. As a result, to the extent that the Fund may secure financing for projects in USD which will then be converted to the RMB to fund operations in China, any change in the exchange rate would affect the relative cost of such funding and, as a consequence, would affect the results of the Fund. Further, there remains considerable uncertainty about whether the exchange rate for the RMB will change significantly in the near term and, insofar as portfolio companies in China will incur costs and earn profits in the RMB and may secure financing in the RMB, how such change will affect the results of the Fund.

FOREIGN EXCHANGE CONTROLS. In addition to managing the exchange rate between the RMB and the USD, the Chinese government imposes controls on the convertibility of the RMB into foreign currencies and the remittance of currency out of China in certain circumstances. Under existing foreign exchange

laws, the RMB can be converted into foreign currencies and remitted out of China to pay current account items such as payments to suppliers for imports, labor, services, and payments of interest on foreign exchange loans. Expenses of a capital nature such as the repayment of bank loans denominated in foreign currencies require approval from appropriate governmental authorities before the RMB can be converted into foreign currency for remittance out of China. This system could be changed at any time by executive decision of the State Council and any such changes may affect the ability of the Fund to repatriate capital or profits, if any, outside China. Furthermore, the State Administration of Foreign Exchange (“SAFE”) has a significant degree of administrative discretion in implementing the laws and has used this discretion to limit convertibility of current account payments out of China. Whether as a result of a deterioration in the Chinese balance of payments, a shift in the Chinese macroeconomic prospects or any number of other reasons, China could impose additional restrictions on capital remittances abroad. The Fund could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation of equity and debt capital, interest and dividends paid on investments held by the Fund.

In October 2005, the SAFE promulgated the Notice on Issues Relating to the Administration of Foreign Exchange in Fund-Raising and Reverse Investment Activities of Domestic Residents Conducted through Offshore Special Purpose Companies on November 1, 2005 (the “**Circular 75**”) that requires Chinese residents and Chinese corporate entities to register with and obtain approvals from relevant Chinese government authorities in connection with their direct or indirect offshore investment activities. As a result of the lack of implementing rules, varying practices by local the SAFE officials, and other uncertainties relating to the interpretation and implementation of the Circular 75, it cannot be predicted how these regulations will affect the Fund’s portfolio companies who are Chinese residents in connection with such portfolio company’s prior and any future offshore acquisitions. For example, the ability of such offshore portfolio companies’ Chinese subsidiaries to conduct foreign exchange activities, such as remittance of dividends and foreign-currency-denominated borrowings, may be subject to compliance with such the SAFE registration requirements by relevant Chinese residents over whom such portfolio company and its subsidiaries have no control. In addition, the Fund or its portfolio companies cannot assure that any such Chinese residents will be able to complete the necessary approval and registration procedures required by the SAFE regulations. Such uncertainties may restrict the Fund’s ability to implement its investment strategy and reduce the value of its investments.

RULES AND REGULATIONS GOVERNING FOREIGN INVESTMENT ENTERPRISES IN CHINA. China has adopted a broad range of laws, administrative rules and regulations that govern the conduct and operations of companies which receive capital from foreign investors (known as foreign invested enterprises, or “**FIEs**”). These laws, rules and regulations provide some incentives to encourage the flow of investment into China, but they also subject the FIEs, including Chinese portfolio companies of the Fund, to a set of restrictions that may not always apply to domestic companies in China.

Foreign investors who wish to purchase or dispose of direct equity interests in FIEs must secure approval from the Ministry of Commerce (the “**MOFCOM**”) or its local counterparts. The MOFCOM has broad discretion to either grant or withhold any such approval. Additional approvals may also be required from other government authorities.

Foreign investment in China is subject to industry-specific restrictions or prohibitions, which distinguish between different industries in terms of whether foreign investment is “encouraged”, “restricted”, “prohibited” or “permitted” in such industries. The different categories generally indicate the disposition of the MOFCOM or its local counterparts and other regulatory authorities to approve foreign investment

in a given industry, as well as having certain tax and other implications. If a portfolio company is classified as prohibited or restricted, this could reduce the market value of such company and reduce its attractiveness as an investment.

The Fund may be unable to obtain governmental approvals for investments in FIEs (and should not generally expect to be able to invest in “restricted” or “prohibited” entities), potentially limiting available investment opportunities. The Fund will need governmental approval to invest in any FIE even if categorized as “encouraged” or “permitted.”

When the Fund invests in an offshore holding company which owns operating companies in China, establishment of such an offshore holding company structure can be time-consuming and new regulations make government approvals for such transactions more uncertain. For example, the new M&A Regulations require that when an offshore holding company wishes to acquire control of a Chinese business that is affiliated with its shareholders, central the MOFCOM approval, rather than approval from MOFCOM local counterparts, is required.

Given the approval requirements for both direct investment and offshore holding structure that can slow down the process, there are many domestic transactions in which domestic investors have an advantage because they do not need government approval to invest. The Fund may not be able to act sufficiently quickly to make these investments.

ILLIQUIDITY OF PORTFOLIO INVESTMENTS. The Fund may invest in companies the securities of which are not, at the time of investment, and may never be, publicly traded. These investments may be difficult to value and to sell or otherwise liquidate, and the risk of investing in such companies is generally much greater than the risk of investing in publicly traded companies. Portfolio companies whose securities are not publicly traded are not subject to the same disclosure and other investor protection requirements that are generally applicable to companies with publicly traded securities.

In addition, the portfolio companies of the Fund may be unable to be acquired or to list their securities on a securities exchange. If there is no liquid trading market for these investments, the Fund may be unable to liquidate these investments or may be unable to do so at a profit. Furthermore, the Fund may be unable to find private purchasers for the investments of the Fund. In addition, in certain circumstances, governmental or regulatory approvals may be required for the Fund to dispose of an investment or the Fund or the Fund may be prohibited by contract or for legal or regulatory reasons from selling an investment for a period of time.

Generally, the investments made by the Fund will be illiquid and difficult to value, and there will be little or no collateral to protect an investment once made. In most cases, investments will be long term in nature and may require many years from the date of initial investment before disposition.

LIMITED OPPORTUNITIES TO EXIT THROUGH CHINESE SECURITIES MARKET. The General Partner may seek to realize gains on the investment of the Fund in domestic Chinese companies by selling into the public markets of China, but a direct domestic IPO of a China-incorporated portfolio company cannot reasonably be expected to be available in many situations. Chinese exchanges generally have much more stringent listing requirements, including both financial metric measurements (certain years of certain levels of profitability, etc.), as well as a more discretionary review by the Chinese government of the entity itself. Even where qualified in terms of financial metrics, the Chinese government may (and in many cases has) arbitrarily refused to permit the company to be listed. If a Chinese portfolio company is an FIE, it may still be difficult for it to obtain approvals to conduct a domestic listing in China and if

approved, the shares held by the Fund in a newly listed portfolio company may not become immediately tradable as typically one- to three-year “lock ups” will apply. Since relatively few FIEs have been approved to be listed in China in the recent past and such listings are recent in nature, exit through the Chinese securities market is still mostly untested and the current securities regulations may change significantly, as they have changed in the past few years, and any such changes may adversely affect the liquidity of the Fund’s investments in China.

Trading volume on Chinese exchanges is substantially less than that in developed countries. Further, securities of companies in China are less liquid and more volatile than securities of comparable companies in developed countries. The limited liquidity of securities markets may thus affect the ability of the Fund to dispose of securities at the price and time they wish to do so. In addition, certain securities markets in China are susceptible to being influenced by large investors trading significant blocks of securities or making large dispositions of securities resulting from the failure to meet margin calls when due. Commissions for trading on stock exchanges in China are also generally higher than commissions for trading on stock exchanges in developed countries.

In addition to their smaller size, reduced liquidity and less rigorous disclosure standards, in individual securities markets of China are, to varying degrees, influenced by economic and market conditions in other securities markets in Asia generally. Although economic conditions are different in each country, investors’ reaction to developments in one country can have effects on the securities of issuers in other countries in Asia. Such reaction deepened the Asian financial crisis of 1997. Individual securities markets may be harmed by events elsewhere, and such events could adversely affect the value of the investments of the Fund.

RULES GOVERNING CAPITALIZATION OF COMPANIES. Chinese companies, including FIEs, are subject to requirements governing minimum capitalization and the timing for contribution of capital. Further, funds invested in a Chinese company as registered capital may not be repatriated absent dissolution of the company or the consent of government authorities to a reduction in registered capital. In the past, authorities have generally been unwilling to grant such consent.

SPECIAL NATURE OF GROWTH CAPITAL INVESTMENTS. The PRC foreign investment laws do not permit a company to issue preferred stock to its investors; therefore, it will be difficult for the Fund to reap the benefits of preferred dividends and liquidation preferences when investing in domestic companies. Typically, funds may obtain terms which are traditionally associated with growth capital investments if such terms are approved by the applicable authorities; however, a fund’s ability to do so varies depending upon the province and city in which the prospective portfolio company is located. Subject to the review and discretion of the MOFCOM or its local counterparts, first refusal rights in respect of the issuance of new shares, veto rights, and redemption rights would likely be available to the Funds.

MERGER OF DUAL-TRACK INCOME TAX. For over a decade, FIEs were governed by the Income Tax Law of the People’s Republic of China for Enterprises with Foreign Investment and Foreign Enterprises of April 9, 1991, as amended (the “**Foreign Corporate Income Tax Law**”). The income tax rate for the FIEs established in special economic zones, coastal cities and certain high tech parks, ranged from 15% to 24%, while the income tax rate for domestic companies was 33%. The Fifth Session of the Tenth National People’s Congress of the People’s Republic of China passed on March 16, 2007 a new EIT Law. The effective date of the EIT Law is January 1, 2008 at which time the Foreign Corporate Income Tax Law

and the domestic-invested enterprise income tax law will be officially repealed. The EIT Law will end the dual-track income tax and impose a unified enterprise income tax rate of 25% on both domestic enterprises and FIEs. A preferential income tax rate of 20% and 15% will apply to small scale enterprises and high technology enterprises, respectively. Under the EIT Law, FIEs would, subject to certain exceptions as detailed below, no longer be entitled to the tax preferential treatment they currently benefit under existing tax laws. The EIT Law set forth the following benefits that would continue to be available to FIEs: (1) FIEs that are currently entitled to a flat income tax rate of 15% to 24% would be given a five-year grace period, during which time the flat rate would continue to apply; and (2) FIEs that are currently entitled to exemptions and/or reduced time periods in respect of income tax obligations would continue to benefit from such exemptions and reduction periods until their expiration. This merger of income tax rates of domestic companies and FIEs will have adverse effects on the Fund's investments in portfolio companies. Further, implementing rules and support interpretative circulars which will be promulgated in the future may modify the above changes, possibly in an adverse manner.

HIGHLY COMPETITIVE MARKET FOR INVESTMENT OPPORTUNITIES. In part as a result of China's recent entry into the WTO, certain restrictions on foreign investment are being relaxed and Chinese markets are opening to international companies that may use their global position and expertise to compete with the Fund. Such increased competition in China may adversely affect the Fund's ability to source new investments and the prices it pays for such investments.

The activity of identifying, completing and realizing attractive energy and natural resources, manufacturing, technology and healthcare-related investments in China is highly competitive and involves a high degree of uncertainty. The availability of investment opportunities generally will be subject to market conditions as well as the prevailing regulatory and political climate. The Fund will be competing for investment opportunities with other investment funds, private and state-owned development companies, financial and other institutional investors.

Competitors of the Fund may have greater economic and personnel resources than the Fund or better relationships with entrepreneurs, research institutes, governmental authorities and others, thereby putting the Fund at a competitive disadvantage. In addition, competitors of the Fund may be more familiar with local regulatory and business practices and customs than the investment professionals of the Fund, and the competitors may generally be able to accept more risk than the Fund prudently can manage. As a result, the Fund may be unable to locate and complete investments that satisfy their return objectives or will be able to invest their committed capital.

CHINESE INTELLECTUAL PROPERTY PROTECTION. Implementation of Chinese intellectual property-related laws has historically been lacking, primarily because of ambiguities in the Chinese laws and enforcement difficulties. Accordingly, intellectual property rights and confidentiality protections in China may not be as effective as in the United States or other western countries. Furthermore, policing unauthorized use of proprietary technology is difficult and expensive, and the portfolio companies of the Fund may need to resort to litigation to enforce or defend patents issued to them or to determine the enforceability, scope and validity of their proprietary rights or those of others. The experience and capabilities of Chinese courts in handling intellectual property litigation varies, and outcomes are unpredictable. Such litigation and an adverse determination in any such litigation, if any, could result in substantial costs and diversion of resources and management attention, which could harm the portfolio company's business and competitive position.

CHINESE REPORTING STANDARDS. Accounting, auditing, financial, and other reporting standards, practices and disclosure requirements in China are not equivalent to those in the United States and certain Western European countries and may differ in fundamental ways. The assets and profits appearing on the financial statements of a company in China may not reflect its financial position or results of operations in the way they would be reflected had such financial statements been prepared in accordance with United States generally accepted accounting principles. Accordingly, information available to the Fund, including both general economic and commercial information and information concerning specific enterprises or assets, may be less reliable, less detailed and less accurate than information available in more economically sophisticated countries.

RELIABILITY OF CERTAIN STATISTICS PUBLISHED BY CHINESE GOVERNMENT. Facts, forecasts and other statistics in this Memorandum relating to China, the Chinese economy and the Chinese energy and natural resources, manufacturing, technology and healthcare sectors have been derived from various government and private publications generally believed to be reliable. However, data included in official publications of the Chinese government may not be accurate, complete or up to date and may not be comparable to statistics produced in the United States and certain Western European countries. While the General Partner has taken reasonable care to ensure that the facts presented in these statements are accurately reproduced from such sources, the General Partner has not independently verified the reliability of such information and cannot guarantee the accuracy of such information.

CHANGES IN CHINESE INTERNATIONAL RELATIONS. The China's relations with the world, particularly with the United States and other western nations, may have significant impact on the investments of the Fund. Any deterioration in such relations could lead to the adoption of unfavorable Chinese policies toward FIEs operating in China.

IMPACT OF DISEASE EPIDEMICS. From December 2002 to June 2003, China and certain other countries experienced an outbreak of a new and highly contagious form of atypical pneumonia now known as severe acute respiratory syndrome ("SARS"). On July 5, 2003, the World Health Organization declared that the SARS outbreak had been contained. Since September 2003, however, a number of isolated new cases of SARS have been reported, most recently in central China in April 2004. Similarly there has been considerable concern in China and other parts of Asia about the potential spread and impact of avian influenza.

During May and June of 2003, many businesses in China were closed by the Chinese government to prevent transmission of SARS. A new outbreak of SARS or other similarly infectious disease may result in health or other government authorities requiring the closure of the Fund's offices or other businesses, including office buildings, retail stores and other commercial venues.

Any recurrence of the SARS outbreak, or a development of a similar health hazard in China, could result in a general economic decline and have an adverse impact on the value of the Fund's investments or the Fund's ability to source new investments.

The foregoing risks do not purport to be a complete explanation of all the risks involved in acquiring an Interest. Potential investors are urged to read this entire document and the Partnership Agreement before making a determination whether to invest in the Fund.

Item 9 – Disciplinary Information

In the past ten years, there have been no legal or disciplinary events involving either Vivo or any of its management persons that are material to Vivo's advisory business.

Item 10 – Other Financial Industry Activities and Affiliations

- A. Neither Vivo nor any of its management persons are registered, or have an application pending to register, as broker-dealers or registered representatives of a broker-dealer.
- B. Neither Vivo nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.
- C. Vivo does not have any relationship or arrangement that is material to its advisory business or the Funds with the types of entities described in this section.
- D. Vivo does not recommend or select other investment advisers for the Funds.

Item 11 – Code of Ethics, Participation or Interests in Client Transactions and Personal Trading

- A. Vivo has adopted a Code of Ethics (the "Code"), which describes the Firm's fiduciary duties and responsibilities to its Clients, requires that the Firm's employees act in the best interests of Clients to the exclusion of contrary interests, act in good faith and in an ethical manner, avoid conflicts of interest with Clients to the extent reasonably possible, and identify and manage conflicts of interest to the extent that they arise. Vivo's employees are also required to comply with applicable provisions of the federal securities laws and make prompt reports to the Firm or other appropriate party of any actual or suspected violations of such laws by Vivo or its employees. In addition, the Code sets forth formal policies and procedures with respect to the personal securities trading activities of Vivo's employees. The Code prohibits employees from engaging in personal trading in the securities of issuers on the Firm's restricted list; requires employees to provide duplicate brokerage accounts statements and trade confirmations to the Firm or to report all securities transactions on at least a quarterly basis; and requires employees to provide a summary of securities holdings on at least an annual basis. The Code also includes policies and procedures to prevent the misuse and disclosure of material nonpublic information ("insider trading") and other confidential information and policies and procedures addressing conflicts of interest; outside activities of employees; gifts and business entertainment, including limitations and reporting requirements; and pre-clearance and reporting of political contributions. Vivo will provide a complete copy of its Code to any Client or investor upon request to Cinthia Sheu at 650-688-0818.
- B. Neither Vivo nor any related person recommends to Clients, or buys or sells for Client accounts, securities in which the Firm or any related person has a material financial interest.
- C. Vivo employees are not encouraged to but may be allowed, on a case by case basis, the opportunity to purchase shares of portfolio companies when they go public via an IPO. These shares must be

held per Vivo's trading policy. In addition, from time to time some of the managing members and employees are limited partners of the affiliated funds. Vivo's Code of Ethics personal trading policy and the governing documents of the applicable Fund and its offering documents address these potential conflicts.

- D. Neither Vivo nor any related person recommends securities to Clients, or buys or sells securities for Client accounts, at or about the same time the Firm or any related person buys or sells the same securities for their own accounts.

Item 12 – Brokerage Practices

- A. Due to the nature of the Firm's strategy, Vivo does not utilize broker-dealers for transactions. If, in the future, the Firm does utilize broker-dealers for transactions, this section will be updated accordingly.

Vivo does not engage in soft dollar arrangements with broker-dealers.

Vivo does not consider Client referrals when selecting or recommending a broker-dealer.

Vivo does not engage in directed brokerage.

- B. From time to time, we will aggregate the purchase or sale of securities between Funds in a pro-rata fashion, as described in our compliance manual and the governing documents of the applicable Fund(s) and their offering documents.

Item 13 – Review of Accounts

- A. The Funds are managed in accordance with the applicable private placement memorandum.
- B. The Funds are reviewed as discussed above and in the applicable private placement memorandum.
- C. On an annual and quarterly basis, Vivo reports the investment performance of each Fund to the investors in such Funds. From time to time, Vivo may provide other reports about the Funds' performance as it deems necessary or at the request of investor(s).

Item 14 – Client Referrals and Other Compensation

- A. Vivo does not receive an economic benefit from anyone other than a Client for providing advisory services to Clients.
- B. From time to time, Vivo uses XT Capital Partners, LLC ("XT Capital") to introduce us to potential investors and/or limited partners in the Funds. XT Capital is an SEC registered broker dealer. The GP entity paid to XT Capital a fee based on two percent (2%) on commitments from prospective investors. The closing fee was paid in 4 equal semi-annual installments starting at the date of the initial closing on a prospective investor's commitment.

Item 15 – Custody

Vivo does not maintain physical custody of its Clients' assets. However, Vivo believes that it would generally be viewed by regulators as having custody of the assets of each Fund for which it or an affiliate serves as general partner under Rule 206(4)-2 of the Advisers Act (the "Custody Rule"). Accordingly, Vivo will adhere to the applicable requirements of the Custody Rule with respect to each Fund for which it or an affiliate serves as general partner or managing member. Vivo's VP of Finance, or similar, will be responsible for arranging for the annual independent audits of the Funds by an independent auditor in accordance with United States generally accepted accounting principles, and for delivery of the Funds' audited financial statements to investors within 120 days of the Funds' fiscal year end.

Item 16 – Investment Discretion

Typically, Vivo provides investment advice directly to the Funds on a discretionary basis and not individually to the investors in the Funds. An affiliate of Vivo, usually the General Partner, accepts discretionary investment authority for each Fund. Generally this discretion is subject only to the investment guidelines set forth in the Fund's governing agreements.

Item 17 – Voting Client Securities

- A. In the event that the Firm is presented with an opportunity to vote a proxy, the Firm's general policy is to vote proxies in accordance with the best interest of the Funds. The Firm believes company management generally is best suited to make the decisions that are essential to the ongoing operation of the company. Therefore, the Firm generally intends to vote proxies in line with company management. However, under circumstances when the Firm believes that company management's proposal will not maximize value for the Funds, the Firm intends to vote against company management's recommendations.
- B. This is not applicable to Vivo.

Item 18 – Financial Information.

Vivo is paid an advisory fee quarterly in advance as detailed above.

Vivo has not been the subject of a bankruptcy petition at any time during the past ten years.

Item 19 – Requirements for State Registered Advisers

This item is not applicable.