



Bin Yuan Capital Ltd.

Form ADV, Part 2A – Brochure

This Brochure provides information about the qualifications and business practices of Bin Yuan Capital Ltd. If you have any questions about the contents of this Brochure, please contact us at cr@binyuancapital.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Bin Yuan Capital Ltd. is an SEC-registered investment adviser. Such registration as an investment adviser does not imply any level of skill or training.

Additional information about Bin Yuan Capital Ltd. also is available on the SEC’s website at www.adviserinfo.sec.gov.

January 14, 2014

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ITEM 2: MATERIAL CHANGES

Bin Yuan Capital Ltd. (“Bin Yuan”, “we”, “our”, or “us”) is a newly registered investment adviser. Because this is our initial brochure, there are no material updates to disclose. In the future, we will provide any material updates to the information contained in this brochure promptly to clients.

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ITEM 4: ADVISORY BUSINESS

Bin Yuan was founded on August 8, 2012 by Mr. Ping Zhou, Chief Investment Officer. Bin Yuan is owned by its shareholders, with Mr. Ping Zhou and his family holding 92% of the company directly. Bin Yuan is a limited company incorporated in Hong Kong and licensed with the Securities and Futures Commission. Its affiliate companies are Bin Yuan Capital (Cayman) Limited, a Cayman Islands Securities and Investment Business Law Exempted limited liability company and Bin Yuan Investment Consulting (Shanghai) Ltd., a limited company incorporated in the People's Republic of China ("PRC") and based in Shanghai. Bin Yuan, Bin Yuan Capital (Cayman) Limited, and Bin Yuan Investment Consulting (Shanghai) Ltd. (collectively the "Bin Yuan Group") are all under the common control of Mr. Ping Zhou.

Bin Yuan provides discretionary investment management services in accordance with its clients' mandates. Our clients may include, but are not limited to, private collective investment vehicles, investment companies organized within or outside of the United States, pensions, charitable organizations, endowment funds, foundations, estates, trusts, and holding companies. Our clients may invest in our privately offered pooled investment vehicle (the "Fund") or a managed client account established for them (the "Managed Accounts, and together with the Funds, the "Clients"). As at December 31 2013, Bin Yuan had approximately USD84 million in regulatory assets under management, all of which is managed on a discretionary basis.

Bin Yuan generally focuses on trading in listed equity securities of Greater China (PRC, Hong Kong, Taiwan) issuers (including H Shares and ADRs), but may also trade in other equities, debt, options, futures, swaps, other derivatives, and other investments and instruments. We may permit Managed Accounts to impose restrictions on their accounts with respect to: (1) the specific types of investments or asset classes that we may or may not purchase for their account; (2) the nature of the issuers of investments that we may or may not purchase for their account; or (3) the risk or liquidity profile of instruments we may or may not purchase for their account. Any limitation on Bin Yuan's authority is described in the Clients' respective governing documents and/or investment management agreements.

The Fund is not registered under the Securities Act of 1933, as amended (the "Securities Act"), and the Fund is not registered under the Investment Company Act of 1940, as amended (the "Investment Company Act"). Accordingly, shares in the Fund are offered exclusively to investors satisfying the applicable eligibility and suitability requirements to private placement transactions within the United States or in non-United States transactions, and only by means of an offering memorandum.

ITEM 5: FEES AND COMPENSATION

Performance and Management Fees

With respect to all Clients, Bin Yuan generally receives a management fee based on a percentage of assets under management, and a performance fee based on net capital appreciation.

Where Bin Yuan is directly appointed in its role as manager or adviser, it generally receives a

management fee up to 1.5% per annum and a performance fee based on returns exceeding a benchmark. In very limited circumstances, Bin Yuan may negotiate specific terms of investment for certain prospective investors of the Funds that will differ from the terms applicable to other Clients. When we enter into these arrangements, a rebate may be paid by Bin Yuan to the relevant investor.

Fees are deducted from Client assets. Management fees are deducted monthly (or on such other frequency as is agreed with the relevant Client) from Clients' respective accounts, in arrears. Performance fees are paid by the Clients in arrears.

Neither we nor any of our "supervised persons" (as defined in the glossary of terms to SEC Form ADV) accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

Bin Yuan's policy is to allocate investment opportunities fairly and equitably, to the extent possible, over a period of time. To ensure fairness in the allocation of investment opportunities amongst our Clients, we consider various factors including: the Client's investment objectives and strategies; existing portfolio composition; net asset value; cash levels and cash availability; market exposure; industry sector exposure; and the suitability of investments. Where an investment opportunity is suitable for two or more Clients, we seek to ensure that our clients have equal access to such investment opportunities to the extent possible.

The management fee and the performance-based fees/allocation charged to Clients are calculated based on valuations ascribed to the portfolio holdings of each. There can be no assurance that the value assigned to an investment at a certain time will equal the value that each portfolio is ultimately able to realize. Bin Yuan addresses this conflict by adhering to its valuation policies, employing an independent third party to assist in certain valuation decisions, and employing an independent third-party pricing sources to the extent practicable.

We may, in our sole discretion, waive all or part of any fees or expenses payable by or attributable to Clients. Bin Yuan and/or its personnel may invest in the Fund and are not subject to management fees or performance-based fees with respect to their investments therein.

Expenses

Clients generally bear certain and expenses of the Fund and Managed Accounts. Such expenses may include, but are not limited to: brokerage commissions and charges; all fees and expenses of transactional, risk, market data and trade-related services; all administrative expenses; fees and charges of custodians and clearing agencies; income taxes, withholding taxes, transfer taxes and other charges and duties of governments, agencies or regulatory bodies; fees and expenses of legal advisers, administrators, net asset value calculation agents, accountants and independent auditors; Directors' fees and expenses; the costs of printing and distributing any memorandum and subscription materials and any reports and notices to investors or prospective investors. Each Client also will bear its own organizational fees and expenses.

Please see Item 12, "Brokerage Practices," below for a discussion of certain brokerage expenses. We have no affiliated broker-dealers.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

We receive performance-based compensation as described in Item 5, “Fees and Compensation,” above.

ITEM 7: TYPES OF CLIENTS

Bin Yuan provides advisory services to family offices, institutional investors, government pensions, and high net worth individuals. Generally, the minimum initial capital contribution required for investment into the Fund is \$1,000,000, but it may accept contributions in lesser amounts in our sole and absolute discretion, with an absolute minimum initial capital contribution of \$100,000. The Managed Accounts have a higher initial capital contribution requirement, and the terms of each are offered at the sole discretion of the Bin Yuan. We generally do not require clients to maintain a minimum investment to continue an advisory relationship, but we do reserve the right to terminate a Managed Account if its assets have decreased due to substantial investor withdrawals.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS

Methods of Analysis

Bin Yuan’s research process employs fundamental, quantitative, and qualitative analysis. We focus on developing a deep fundamental understanding of businesses and industries through rigorous due diligence and analysis. We conduct fundamental, bottom-up analysis and research on a company-by-company basis, evaluating their upside and downside opportunities identified and monitor them closely. We also conduct on-site visits, third party interviews (*e.g.* clients and vendors), and detailed financial analysis of investment opportunities. Our analysis includes vigilant monitoring that continues the due diligence process after an investment is made.

Sources of Information

Bin Yuan incorporates local expertise originating from its China-based research presence to generate independent and proprietary views that drive our investment strategy. We rely on analysis of publications and other media including Bloomberg, contacts with company suppliers, customers, and competitors, site visits, and meetings with company management.

Investment Strategy

We seek capital appreciation derived from investments in publicly traded securities across multiple industries. We invest primarily in reasonably priced companies providing substantial long-term growth prospects. Although we monitor macro-economic factors and market trends, we avoid market-timing strategies and focus primarily on bottom-up opportunities. Our investments are based on bottom-up analysis and research. We invest with a particular focus on companies or assets having substantial involvement with Greater China. We focus on understanding

fundamental risks, uncovering long-term growth potential, and targeting industries that we understand and can monitor.

Risk of Loss

Any investment in securities involves a high degree of risk and is suitable only for investors of substantial means who have no need for liquidity with respect to the amount invested and can afford to lose all of their investment. Bin Yuan does not guarantee the future performance of Fund or any Managed Account, the success of any investment decision or strategy that Bin Yuan may employ, or the success of Bin Yuan's overall asset management services for any Client. Any investment involves significant risk, including the risk of loss of all or substantially all capital invested. Investors should be prepared to bear the loss of the entire amount of their investment.

Risks include, but are not limited to, the following:

Investment Risk. We primarily invest in equity securities with a substantial connection with Greater China. Such investments involve a broad range of political, economic, legal, tax, and financial risks not typically associated with investments in securities of companies in economies that have developed and been regulated over a longer period. These risks include: (i) less publicly available information; (ii) varying levels of governmental regulation and supervision; and (iii) foreign exchange controls.

Such investments are generally not be subject to uniform accounting, auditing, and financial reporting standards, practices, and requirements comparable to those applicable to U.S. companies. Further, investing in securities of non-U.S. entities that are generally denominated in non-U.S. currencies involves certain risk factors including changes in exchange rates and exchange control regulations; political and social instability; expropriation; imposition of foreign taxes; less liquid markets; higher transaction costs; foreign government restrictions; less government supervision of exchanges, brokers and issuers; greater risks associated with counterparties and settlement; difficulty in enforcing contractual obligations; and greater price volatility.

Further, income received by a Managed Account or the Fund from sources within the PRC may be reduced by withholding and other taxes imposed therein. Any such taxes paid will reduce their net income or.

Strategy Risk. Fundamental analysis, by its nature does not contemplate market movements. This presents a potential risk and, although we consider overall market conditions in our investment strategies, the price of a security may move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the investment. Likewise, our long-term growth strategy may not take advantage of short-term gains that could be profitable. If our predictions are incorrect, a security may decline sharply in value before the Client's position is sold.

Equity Risk. Because of the nature of our investment strategies, Clients are subject to the risk that prices will fall over short or extended periods of time, and they could lose all, or a substantial portion, of the value of their investments.

Business Risk. Individual companies in which we invest Client assets may report poor results and industry and/or economic trends and developments which could have a greater impact on certain companies in comparison to the market as a whole. The prices of these companies' securities may decline in response.

Liquidity Risk. Although we actively monitor the liquidity of the stocks and avoid buying less liquid names, the liquidity of some companies or investments in which we may choose to invest may drop subsequently and the value of such securities may rise and/or fall substantially.

PRC Laws and Regulations Risk. The PRC legal system is based on written statutes. Since 1979, the PRC government has been developing a comprehensive system of commercial laws and considerable progress has been made in the promulgation of laws and regulations dealing with economic matters, such as corporate organization and governance, foreign investment, commerce, taxation, and trade. Therefore, some degree of uncertainty exists in connection with whether existing laws and regulations will apply to certain events or circumstances and, if so, the manner of such application. Precedents on the interpretation, implementation, and enforcement of PRC laws and regulations are somewhat limited and the binding nature of decisions of the PRC courts may vary. The administration of the PRC laws and regulations may be subject to a certain degree of discretion by executive authorities. New investment regulations have a shorter operating history. Because these laws, regulations, and legal requirements are relatively recent, their interpretation and enforcement involve significant uncertainty. In addition, the PRC laws governing business organizations, bankruptcy, and insolvency may provide less protection to security holders than that provided by the laws of other countries.

ITEM 9: DISCIPLINARY INFORMATION

To Bin Yuan's knowledge, neither we nor any of our management personnel have been involved in, or subject to, any disciplinary events or legal actions that are material to our advisory business or the integrity of our management.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Neither Bin Yuan nor any of the other Bin Yuan Group companies or member of their respective management is registered, or has an application pending to register, as a broker-dealer, a registered representative of a broker-dealer, a futures commission merchant ("FCM"), commodity pool operator ("CPO"), a commodity trading advisor ("CTA"), or an associated person of a registered FCM, CPO, or CTA.

We do not believe that the contemporaneous management of the Funds and the Managed Accounts causes a conflict of interest for us, as they share similar investment strategies, and allocations are made in accordance with our fiduciary responsibilities, best execution principles, and our Clients' respective investment allowances or restrictions (as set forth by their respective offering

documentation).

Please see Item 11, “Code of Ethics, Participation Interest in Client Transactions, and Personal Trading,” below for additional information about our Code of Ethics.

Bin Yuan does not recommend or select other investment advisers for our clients. In addition, neither Bin Yuan nor the Bin Yuan Group, directly or indirectly, pays or receives compensation to or from third parties in connection with recommending advisory services. Other than as referenced above, we are not aware of any other material affiliations.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS, AND PERSONAL TRADING

General Code of Ethics

Pursuant to Rule 204A-1 under the Advisers Act, Bin Yuan has adopted a Code of Ethics (the “Code”) which sets forth standards of business and personal conduct for all Bin Yuan employees, and addresses conflicts of interest that may arise from personal trading by employees or gifts and entertainment received or provided by employees. The Code sets forth, among other things, standards for the purpose of deterring wrongdoing and promoting: (i) honest and ethical reporting; (ii) full, fair, accurate, timely, and understandable disclosure in reports and documents; compliance with applicable laws, rules, and regulations; (iii) prompt internal reporting of violations of the Code; and (iv) accountability for adherence to the Code. Binding acknowledgement of the Code, accepting the terms and conditions therein, is obtained from each Bin Yuan employee and kept on file. A copy of the Code is available for review by Clients or a prospective client upon request.

Personal Investment Policy

We prohibit our employees from all personal trading and trading any assets over which they exercise control due to the conflicts of interest (real and apparent) that such trading may present. All employees must provide the Chief Compliance Officer with declaration confirming they have undertaken no personal trading quarterly.

ITEM 12: BROKERAGE PRACTICES

Best Execution Considerations

In respect of the Fund and certain of the Managed Accounts, we have full discretionary authority to invest on and thereby direct trades. We choose various brokers for more efficient and/or less expensive transactions, or for non-financial relationship reasons. We endeavor to obtain the best execution for securities transactions so that a client’s total costs or proceeds in each transaction are the most favorable under the circumstances (“Best Execution”). In selecting brokers to effect portfolio transactions, we consider various factors, including, without limitation: price; quality of execution, including the level of accuracy and confidentiality in executing orders; extensiveness of the broker’s distribution network; commission rates; our access to the broker’s trading desk; the

broker's familiarity with our investment practices; and the value of certain brokerage or research services provided to us. We do not consider whether we receive referrals from a broker-dealer or third party in selecting a broker.

Soft Dollar Arrangements

In respect of those Clients who permit us enter in to soft dollar arrangements; we may enter into such arrangements whereby we receive research or other products or services (other than execution) from a broker or other third party in connection with Client securities transactions ("Soft Dollars"). Soft Dollars would be received in connection with commission fees paid to those brokers to execute Client transactions. These research products and services would be intended to provide us with valuable research and services that we would otherwise have to produce or purchase from third parties with our own funds.

Any transaction in which we receive Soft Dollars will be carefully evaluated to determine that it complies with our duty to seek Best Execution and that the amount of commissions paid is reasonable in light of the value of the brokerage or research services received. However, as a result of any Soft Dollars we receive, we may have an incentive to select or recommend a broker based the amount thereof received by us. Bin Yuan has instituted certain procedures governing Soft Dollars which prescribe that they may be received from a broker in consideration of directing transaction business on behalf of a Client to the broker only if:

- The Soft Dollars fall within the Section 28(e) safe harbor as provided by Securities Exchange Act of 1934;
- The Soft Dollars products or services are of demonstrable benefit to Clients;
- The Soft Dollars product or service assists in the investment decision-making process and the commissions paid are reasonable in relation to the products or services received;
- Transaction execution is consistent with Best Execution standards and brokerage rates are not in excess of customary full-service brokerage rates;
- Disclosure is made Clients of our practices for receiving the Soft Dollars products or services; and
- The Client(s) who permit the soft dollar arrangement has consented in writing to our receipt of Soft Dollar products or services.

Trade Aggregation

In respect of those Clients over which we have full discretionary authority to direct trades we generally aggregate purchase and sale orders when doing so will result in a better overall price. Aggregation or "bunching" describes a procedure whereby an investment manager combines the orders of two or more clients into a single order for the purpose of obtaining better prices and lower execution costs. Aggregation opportunities generally arise when more than one Client is capable of purchasing or selling a particular security based on investment objectives, net asset value, available cash, and other factors.

ITEM 13: REVIEW OF ACCOUNTS

Bin Yuan conducts formal reviews of Clients' accounts and evaluates their investment objectives, restrictions and performance on a quarterly basis. Reviews are primarily conducted by the relevant portfolio manager and risk staff and are overseen by our Investment Committee consisting of the Chief Investment Officer, the relevant portfolio manager and the Chief Compliance officer.

The Bin Yuan Group prepares estimated NAVs and other holdings analysis for the Fund and Managed Accounts which are provided to investors monthly. In addition the Fund's and the Managed Accounts' respective independent administrators are responsible for producing final confirmed NAVs and monthly statements, which they distribute directly to the investors. These financial statements and reports typically do not include a listing of portfolio investments.

Each quarter, the Bin Yuan Group produces and distributes written reports for Clients, and to prospective clients upon request. These reports include various financial data and information. Similar data may also be used in written marketing presentations and bespoke research, which are produced and distributed on an ad hoc basis.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

Neither Bin Yuan nor any related person of Bin Yuan or the Bin Yuan Group directly or indirectly compensates any person for Client referrals, and should we or they do so, we will disclose the arrangement in writing as required by Rule 206(4)-3 under the Advisers Act and will comply with all other applicable requirements thereof.

No person, other than Clients, provides us with an economic benefit for providing advisory services to them. Please see Item 12, "Brokerage Practices," above for a discussion of certain Soft Dollars that we may receive in connection with certain brokerage relationships.

ITEM 15: CUSTODY

Bin Yuan has custody of the Fund's assets under Rule 206(4)-2 of the Advisers Act (the "Custody Rule") solely because of its authority to access these assets and its role as Investment Manager thereto. Bin Yuan does not have custody of the Managed Accounts' assets.

We do not physically hold Client assets and instead maintain them with a "qualified custodian" in accordance with the Custody Rule. Our Chief Compliance Officer is responsible for ensuring that any qualified custodian with custody of Client assets is properly qualified.

As noted in Item 13, Clients have appointed independent administrators with responsibility verifying and valuing fund assets. This data then is used to produce, among other things, monthly investor statements, which the respective independent administrators distribute directly to the Clients. These administrators also work with independent public accountants to produce and distribute the Clients' Fund and Managed Accounts annual audited financial reports, as well as

year-end statements and any other such documentation investors may require in completing their income tax filings.

ITEM 16: INVESTMENT DISCRETION

Bin Yuan serves as investment adviser to the Clients pursuant to written investment management agreements. Pursuant to our existing agreements, we have discretionary authority to manage assets on their behalf, including authority to determine which investments are bought and sold and the amounts appropriate for each. Any limitation on Bin Yuan's authority is as prescribed the relevant Managed Accounts' investment management agreements and the Fund's governing documents. Our Chief Investment Officer and Chief Compliance Officer jointly assess and approve our acceptance of new clients.

ITEM 17: VOTING CLIENT SECURITIES

Bin Yuan has and will accept proxy voting authority to vote client securities. This creates a potential conflict of interest for Bin Yuan with respect to Clients because of the possibility of us voting Client securities to further our own interests at the expense of our Clients' interests. We have adopted written policies and procedures to do so in a manner consistent with applicable rules, and which are reasonably designed to ensure that proxies are voted in the best interest of our Clients, which generally means voting proxies with a view to enhancing the value of Client securities.

The financial interest of our Clients is the primary consideration in determining how we vote proxies. Further, as the decision to invest in a company normally represents confidence in the company's management, we will typically give serious consideration to and generally support management recommendations regarding internal operations not expected to have significant economic effects. Conversely, management proposals that are likely to have significant adverse economic effects, involve management interests, or where we lack confidence in the management team will be subject to greater scrutiny.

ITEM 18: FINANCIAL INFORMATION

Bin Yuan does not believe there exist any financial condition that is reasonably likely to impair our ability to meet our contractual commitments to Clients.