

CCB INTERNATIONAL RMB FUND SERIES

CCB INTERNATIONAL – RMB FIXED INCOME FUND

**EIGHTEENTH ADDENDUM DATED 15 FEBRUARY 2019
TO THE EXPLANATORY MEMORANDUM DATED FEBRUARY 2011 (AS
AMENDED BY THE ADDENDA DATED 27 JUNE 2011, 16 DECEMBER 2011, 30
MARCH 2012, 16 APRIL 2012, 23 AUGUST 2013, 17 DECEMBER 2013,
16 JUNE 2014, 9 JULY 2014, 17 OCTOBER 2014, 11 FEBRUARY 2015, 20
NOVEMBER 2015, 21 JANUARY 2016, 7 JULY 2016, 30 DECEMBER 2016, 12
DECEMBER 2017, 26 OCTOBER 2018 AND 16 NOVEMBER 2018)**

This Addendum forms part of and should be read in the context of and in conjunction with the Explanatory Memorandum dated February 2011 as amended by the addenda dated 27 June 2011, 16 December 2011, 30 March 2012, 16 April 2012, 23 August 2013, 17 December 2013, 16 June 2014, 9 July 2014, 17 October 2014, 11 February 2015, 20 November 2015, 21 January 2016, 7 July 2016, 30 December 2016, 12 December 2017, 26 October 2018 and 16 November 2018 (collectively the "Explanatory Memorandum"). All information contained in the Explanatory Memorandum is deemed to be incorporated herein.

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Prospective investors should not construe the contents of this document as legal, investment, tax or other advice. Each prospective investor must rely upon his or her own representatives, including his or her own legal counsel and accountants, as to the legal, economic, tax and related aspects of the investment described herein and as to its suitability for such investor.

Change of Directors of the Manager

Mr. Li Yuezhong has resigned as a director of the Manager with effect from 31 January 2019 and his name shall be deleted from the list of “Directors of the Manager” under the section headed “ADMINISTRATION” of the Explanatory Memorandum.

CCB INTERNATIONAL RMB FUND SERIES

CCB INTERNATIONAL – RMB FIXED INCOME FUND

SEVENTEENTH ADDENDUM DATED 16 NOVEMBER 2018

TO THE EXPLANATORY MEMORANDUM DATED FEBRUARY 2011 (AS AMENDED BY THE ADDENDA DATED 27 JUNE 2011, 16 DECEMBER 2011, 30 MARCH 2012, 16 APRIL 2012, 23 AUGUST 2013, 17 DECEMBER 2013, 16 JUNE 2014, 9 JULY 2014, 17 OCTOBER 2014, 11 FEBRUARY 2015, 20 NOVEMBER 2015, 21 JANUARY 2016, 7 JULY 2016, 30 DECEMBER 2016, 12 DECEMBER 2017 AND 26 OCTOBER 2018)

This Addendum forms part of and should be read in the context of and in conjunction with the Explanatory Memorandum dated February 2011 as amended by the addenda dated 27 June 2011, 16 December 2011, 30 March 2012, 16 April 2012, 23 August 2013, 17 December 2013, 16 June 2014, 9 July 2014, 17 October 2014, 11 February 2015, 20 November 2015, 21 January 2016, 7 July 2016, 30 December 2016, 12 December 2017 and 26 October 2018 (collectively the "Explanatory Memorandum"). All information contained in the Explanatory Memorandum is deemed to be incorporated herein.

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Business Conditions

The second paragraph of the section headed "The Manager" under the section headed "MANAGEMENT OF THE FUND" of the Explanatory Memorandum has been deleted in its entirety and replaced as follows:

"CCB International Asset Management Limited is the Manager of the Trust. It was incorporated in Hong Kong on 29 November 2004. It is an indirect wholly owned subsidiary of China Construction Bank Corporation. The Manager is licensed with the SFC (CE No. AMI621) to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) ("SFO") and will conduct its regulated activities in accordance with the SFO and the relevant codes/guidelines/circulars issued by the SFC. In respect of Type 1 (dealing in securities) regulated activity, the Manager shall seek the SFC's prior approval before extending services at retail level. The Manager was appointed the manager of the Trust pursuant to the Trust Deed. Investors may contact Mr. Alfred Lo, Deputy Managing Director of the Manager at 852 3911 8361 for queries regarding information of the Manager."

Liquidity Management

The first three paragraphs of the section headed "Restrictions on redemption and switching" of the Explanatory Memorandum has been deleted in its entirety and replaced as follows:

"Restrictions on redemption and switching and Liquidity Risk Management

The Manager may suspend the redemption or switching of Units or delay the payment of redemption proceeds during any periods in which the determination of the Net Asset Value of

the relevant Sub-Fund is suspended (for details see "Suspension of Calculation of Net Asset Value" below).

Any Unitholder may at any time after such a suspension has been declared and before lifting of such suspension withdraw any request for the redemption of Units of such class by notice in writing to the Authorised Distributors.

The Manager has established a liquidity risk management policy which enables it to identify, monitor and manage the liquidity risks of each Sub-Fund and to ensure that the liquidity profile of the investments of the relevant Sub-Fund will facilitate compliance with such Sub-Fund's obligation to meet redemption requests. Such policy, combined with the liquidity risk management tools of the Manager, also seeks to achieve fair treatment of Unitholders and safeguard the interests of remaining Unitholders in case of sizeable redemptions. The liquidity risk monitoring function of the Manager is carried out by designated staff responsible for risk management who are functionally independent from the day-to-day portfolio investment staff of the Manager.

The Manager's liquidity policy takes into account the investment strategy, the liquidity profile, the redemption policy, the dealing frequency, the ability to enforce redemption limitations and the fair valuation policies of each Sub-Fund. These measures seek to ensure fair treatment and transparency for all investors. The liquidity management policy involves monitoring the profile of investments held by each Sub-Fund on an on-going basis to ensure that such investments are appropriate to the redemption policy as stated under the section headed "REDEMPTION OF UNITS" above and will facilitate compliance with each Sub-Fund's obligation to meet redemption requests.

As a liquidity risk management tool, with a view to protecting the interests of Unitholders, the Manager is entitled, with the approval of the Trustee, to limit the number of Units of any Sub-Fund redeemed on any Dealing Day (whether by sale to the Manager or by cancellation of Units) to 10% of the total number of Units of the relevant Sub-Fund in issue. In this event, the limitation will apply pro rata so that all Unitholders of the relevant Sub-Fund who have validly requested to redeem Units of the same Sub-Fund on that Dealing Day will redeem the same proportion of such Units of that Sub-Fund provided that any holdings so requested to be redeemed being in aggregate of not more than 1% of the total number of Units of any Sub-Fund in issue may be redeemed in full if in the opinion of the Manager with the Trustee's approval the application of such limitation would be unduly onerous or unfair to the Unitholder or Unitholders concerned. Any Units not redeemed (but which would otherwise have been redeemed) will be carried forward for redemption, subject to the same limitation, and will have priority on the next succeeding Dealing Day and all following Dealing Days (in relation to which the Manager has the same power) until the original request has been satisfied in full. If requests for redemption are so carried forward, the Manager will inform the Unitholders concerned within 7 days of such Dealing Day."

Risk Factors

A new section headed "Custody risk" shall be inserted after the section "Risk of termination" under the section headed "RISK FACTORS" of the Explanatory Memorandum:

"(xix) ***Custody risk*** - Custodians (or sub-custodians (if any)) may be appointed for the purpose of custodying assets (such as cash and securities) of a Sub-Fund. Assets of a Sub-Fund may be exposed to custodial risk.

Investors understand and acknowledge that the assets under the custody of the custodians (or sub-custodians (if any)) are subject to the risk of any acts of the custodians (or sub-custodians (if any)) which may result in a loss to a Sub-Fund, such

as but not limited to, fraud, acts of misconduct or breaches of the custodian's (or sub-custodian's (if any)) duty of care in relation to the assets.

In case of liquidation, bankruptcy or insolvency of a custodian (or sub-custodian (if any)), a Sub-Fund may face difficulties tracing the securities that are under custody by the custodian (or sub-custodian (if any)), and may rank pari passu with all other unsecured creditors of the custodian (or sub-custodian (if any)). A Sub-Fund may face difficulties and/or encounter delays in recovering such debt from the custodian (or sub-custodian (if any)), or may not be able to recover it in full or at all, in which case a Sub-Fund will suffer losses."

Additional Disclosures under the Code of Conduct for Persons Licensed by or Registered with the SFC

The following paragraph shall be inserted after the first paragraph of the section headed "CONFLICTS OF INTEREST" of the Explanatory Memorandum:

"For the purposes of Schedule 9 to the Code of Conduct for Persons Licensed by or Registered with the SFC, the Manager is not an independent intermediary because it has close links or other legal or economic relationships with issuers of products that it manages."

Financial Derivatives Instruments

The following paragraph shall be inserted after the ninth paragraph under the section "Investment Objective and Policy" under the "APPENDIX I – CCB International – RMB Fixed Income Fund" of the Explanatory Memorandum:

"For the avoidance of doubt, the Sub-Fund will not use financial derivative instruments for investment purposes, and will only use financial derivative instruments (such as warrants, options and futures contracts) for hedging purposes."

CCB INTERNATIONAL RMB FUND SERIES

CCB INTERNATIONAL – RMB FIXED INCOME FUND

SIXTEENTH ADDENDUM DATED 26 OCTOBER 2018 TO THE EXPLANATORY MEMORANDUM DATED FEBRUARY 2011 (AS AMENDED BY THE ADDENDA DATED 27 JUNE 2011, 16 DECEMBER 2011, 30 MARCH 2012, 16 APRIL 2012, 23 AUGUST 2013, 17 DECEMBER 2013, 16 JUNE 2014, 9 JULY 2014, 17 OCTOBER 2014, 11 FEBRUARY 2015, 20 NOVEMBER 2015, 21 JANUARY 2016, 7 JULY 2016, 30 DECEMBER 2016 and 12 DECEMBER 2017)

This Addendum forms part of and should be read in the context of and in conjunction with the Explanatory Memorandum dated February 2011 as amended by the addenda dated 27 June 2011, 16 December 2011, 30 March 2012, 16 April 2012, 23 August 2013, 17 December 2013, 16 June 2014, 9 July 2014, 17 October 2014, 11 February 2015, 20 November 2015, 21 January 2016, 7 July 2016, 30 December 2016 and 12 December 2017 (collectively the "Explanatory Memorandum"). All information contained in the Explanatory Memorandum is deemed to be incorporated herein.

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Changes of Directors of the Manager

Ms. Bai Yue has resigned as a director of the Manager with effect from 19 October 2018 and her name shall be deleted from the list of "Directors of the Manager" under the section headed "ADMINISTRATION" of the Explanatory Memorandum.

Mr. Li Yuezhong has been appointed as a director of the Manager with effect from 19 October 2018 and his name shall be inserted to the list of "Directors of the Manager" under the section headed "ADMINISTRATION" of the Explanatory Memorandum.

Mr. Yam Wang Lap has been appointed as a director of the Manager with effect from 19 October 2018 and his name shall be inserted to the list of "Directors of the Manager" under the section headed "ADMINISTRATION" of the Explanatory Memorandum.

CCB INTERNATIONAL RMB FUND SERIES

CCB INTERNATIONAL – RMB FIXED INCOME FUND

**FIFTEEN ADDENDUM DATED 12 DECEMBER 2017
TO THE EXPLANATORY MEMORANDUM DATED FEBRUARY 2011 (AS
AMENDED BY THE ADDENDA DATED 27 JUNE 2011, 16 DECEMBER 2011, 30
MARCH 2012, 16 APRIL 2012, 23 AUGUST 2013, 17 DECEMBER 2013,
16 JUNE 2014, 9 JULY 2014, 17 OCTOBER 2014, 11 FEBRUARY 2015, 20
NOVEMBER 2015, 21 JANUARY 2016, 7 JULY 2016 AND 30 DECEMBER 2016)**

This Addendum forms part of and should be read in the context of and in conjunction with the Explanatory Memorandum dated February 2011 as amended by the addenda dated 27 June 2011, 16 December 2011, 30 March 2012, 16 April 2012, 23 August 2013, 17 December 2013, 16 June 2014, 9 July 2014, 17 October 2014, 11 February 2015, 20 November 2015, 21 January 2016, 7 July 2016 and 30 December 2016 (collectively the "Explanatory Memorandum"). All information contained in the Explanatory Memorandum is deemed to be incorporated herein.

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Changes of Directors of the Manager

Mr. Samson Rattiwat has resigned as a director of the Manager with effect from 1 December 2017 and his name shall be deleted from the list of "Directors of the Manager" under the section headed "ADMINISTRATION" of the Explanatory Memorandum.

Mr. Hung Yat has been appointed as a director of the Manager with effect from 1 December 2017 and his name shall be inserted to the list of "Directors of the Manager" under the section headed "ADMINISTRATION" of the Explanatory Memorandum.

CCB INTERNATIONAL RMB FUND SERIES

CCB INTERNATIONAL – RMB FIXED INCOME FUND

**FOURTEENTH ADDENDUM DATED 30 DECEMBER 2016
TO THE EXPLANATORY MEMORANDUM DATED FEBRUARY 2011 (AS
AMENDED BY THE ADDENDA DATED 27 JUNE 2011, 16 DECEMBER 2011, 30
MARCH 2012, 16 APRIL 2012, 23 AUGUST 2013, 17 DECEMBER 2013,
16 JUNE 2014, 9 JULY 2014, 17 OCTOBER 2014, 11 FEBRUARY 2015, 20
NOVEMBER 2015, 21 JANUARY 2016 AND 7 JULY 2016)**

This Addendum forms part of and should be read in the context of and in conjunction with the Explanatory Memorandum dated February 2011 as amended by the addenda dated 27 June 2011, 16 December 2011, 30 March 2012, 16 April 2012, 23 August 2013, 17 December 2013, 16 June 2014, 9 July 2014, 17 October 2014, 11 February 2015, 20 November 2015, 21 January 2016 and 7 July 2016 (collectively the "Explanatory Memorandum"). All information contained in the Explanatory Memorandum is deemed to be incorporated herein.

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Pursuant to The Inland Revenue (Amendment) (No. 3) Ordinance 2016, which came into force on 30 June 2016, financial institutions in Hong Kong will be required to identify and report to the Hong Kong Inland Revenue Department ("**IRD**") account holders and controlling persons of certain account holders who are tax resident in certain jurisdictions. The IRD will transfer the information to the relevant jurisdiction(s) of tax residence.

The following section shall be inserted immediately before the section headed "**Foreign Account Tax Compliance**" in the section headed "**TAXATION**" of the Explanatory Memorandum:

"Automatic Exchange of Financial Account Information

Over 100 countries and jurisdictions around the world have committed to adopt rules for automatic exchange of financial account information. Under these rules, financial institutions ("**FIs**") are required to identify account holders who are foreign tax residents and report certain information including but not limited to their investment income and account balance to the local tax authority where the financial institution operates. When countries or jurisdictions start exchanging information on an automatic basis, the relevant local tax authority where the financial account is maintained will provide this information to the tax authority of the account holder's country of tax residence. This information exchange will be conducted on a regular, annual basis.

The Inland Revenue (Amendment) (No. 3) Ordinance 2016 (the "**Ordinance**") came into force on 30 June 2016. This is the legislative framework for the implementation in Hong Kong of the Standard for Automatic Exchange of Financial Account Information ("**AEOI**"). The AEOI requires financial institutions in Hong Kong ("**Hong Kong FIs**") to collect certain required

information relating to non-Hong Kong tax residents holding financial accounts with the FIs, and report such information to the IRD for the purpose of AEOI exchange. Generally, the information will be reported and automatically exchanged on an annual basis in respect of account holders that are tax resident in an AEOI partner jurisdiction(s) with which Hong Kong has an agreement in force to conduct AEOI ("**Competent Authority Agreement**" or "**CAA**"); however, the Fund, the Manager and/or their agents will further collect information relating to residents of other jurisdictions.

The Fund (for itself and for each Sub-Fund) is required to comply with the requirements of the Ordinance, which means that the Fund (for itself and for each Sub-Fund) and/or its agents shall collect and provide to the IRD the required information relating to Unitholders and prospective investors. The Ordinance as implemented by Hong Kong requires the Fund (for itself and for each Sub-Fund) to, amongst other things: (i) register the Fund as a "Reporting Financial Institution" with the IRD; (ii) conduct due diligence on its accounts (i.e., Unitholders) to identify whether any such accounts are considered "Reportable Accounts" under the Ordinance; and (iii) report to the IRD the required information on such Reportable Accounts. The IRD is expected to transmit on an annual basis the required information reported to it to the government authorities of the jurisdictions with which Hong Kong has a CAA in force. Broadly, AEOI contemplates that Hong Kong FIs should report on: (i) individuals or entities that are tax residents in a jurisdiction with which Hong Kong has a CAA in force; and (ii) individuals who control certain entities and who are tax residents in such jurisdictions ("controlling persons"). Under the Ordinance, details of Unitholders and controlling persons, including but not limited to their name, date of birth, address, tax residence, tax identification number (if any), account number, account balance/value, and income or sale or redemption proceeds, may be reported to the IRD and subsequently exchanged with government authorities in the relevant jurisdictions.

By investing in a Sub-Fund of the Fund and/or continuing to invest in the a Sub-Fund of the Fund, Unitholders acknowledge that they may be required to provide additional information to the Fund with respect to a Sub-Fund, the Manager and/or the Fund's agents in order for the Fund to comply with the Ordinance. In particular, the Fund (for itself and for a Sub-Fund), the Manager and/or the Trustee's agents may require each Unitholder/prospective investor to:

- (1) complete and provide a self-certification form with information regarding his/her jurisdiction of tax residence, his/her tax identification number in his/her country of tax residence, your date of birth, and in the case where the Unitholder/prospective investor is an entity (for example, a trust or a company), the classification of the entity and information regarding its "controlling persons" of certain such entities;
- (2) provide all required information and documentation for complying with the Fund's due diligence procedures; and
- (3) advise the Trustee, Manager and/or their agent of any change in circumstances which affect the Unitholder's tax residence status and provide a suitably updated self-certification form within 30 days of such change in circumstances.

The Unitholder's information (and information on controlling persons including but not limited to any natural persons who have control over such accountholder that are passive non-financial entities) may be transmitted by the IRD to authorities in other jurisdictions.

The Fund, the Manager and/or the Fund's agents cannot provide the Unitholders any tax or legal advice. If the Unitholders/prospective investors have doubts about their tax residence or other questions, they should seek professional advice. Each Unitholder and prospective investor should consult its own professional advisor(s) on the administrative and substantive implications of AEOI on its current or proposed investment in a Sub-Fund of the Fund."

CCB INTERNATIONAL RMB FUND SERIES

CCB INTERNATIONAL – RMB FIXED INCOME FUND

**THIRTEENTH ADDENDUM DATED 7 July 2016
TO THE EXPLANATORY MEMORANDUM DATED FEBRUARY 2011 (AS
AMENDED BY THE ADDENDA DATED 27 JUNE 2011, 16 DECEMBER 2011, 30
MARCH 2012, 16 APRIL 2012, 23 AUGUST 2013, 17 DECEMBER 2013,
16 JUNE 2014, 9 JULY 2014, 17 OCTOBER 2014,
11 FEBRUARY 2015, 20 NOVEMBER 2015
AND 21 JANUARY 2016)**

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Change of Director of the Manager

Mr. Li Yuezhong has resigned as a director of the Manager with effect from 30 June 2016 and his name shall be deleted from the list of "Directors of the Manager" under the section headed "ADMINISTRATION" of the Explanatory Memorandum.

CCB INTERNATIONAL RMB FUND SERIES

CCB INTERNATIONAL – RMB FIXED INCOME FUND

**TWELVETH ADDENDUM DATED 21 JANUARY 2016
TO THE EXPLANATORY MEMORANDUM DATED FEBRUARY 2011 (AS
AMENDED BY THE ADDENDA DATED 27 JUNE 2011, 16 DECEMBER 2011, 30
MARCH 2012, 16 APRIL 2012, 23 AUGUST 2013, 17 DECEMBER 2013,
16 JUNE 2014, 9 JULY 2014, 17 OCTOBER 2014,
11 FEBRUARY 2015 AND 20 NOVEMBER 2015)**

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Change of Director of the Manager

Mr. Yang Feng has resigned as a director of the Manager with effect from 16 January 2016 and his name shall be deleted from the list of “Directors of the Manager” under the section headed “ADMINISTRATION” of the Explanatory Memorandum.

CCB INTERNATIONAL RMB FUND SERIES

CCB INTERNATIONAL – RMB FIXED INCOME FUND

**ELEVENTH ADDENDUM DATED 20 November 2015
TO THE EXPLANATORY MEMORANDUM DATED FEBRUARY 2011 (AS
AMENDED BY THE ADDENDA DATED 27 JUNE 2011, 16 DECEMBER 2011, 30
MARCH 2012, 16 APRIL 2012, 23 AUGUST 2013, 17 DECEMBER 2013,
16 JUNE 2014, 9 JULY 2014, 17 OCTOBER 2014 AND 11 FEBRUARY 2015)**

This Addendum forms part of and should be read in the context of and in conjunction with the Explanatory Memorandum dated February 2011 as amended by the addenda dated 27 June 2011, 16 December 2011, 30 March 2012, 16 April 2012, 23 August 2013, 17 December 2013, 16 June 2014, 9 July 2014, 17 October 2014 and 11 February 2015 (collectively the "Explanatory Memorandum"). All information contained in the Explanatory Memorandum is deemed to be incorporated herein.

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Change of Director of the Manager

Ms. Yang Ning has resigned as a director of the Manager with effect from 16 November 2015 and her name shall be deleted from the list of “Directors of the Manager” under the section headed “ADMINISTRATION” of the Explanatory Memorandum.

CCB INTERNATIONAL RMB FUND SERIES

CCB INTERNATIONAL – RMB FIXED INCOME FUND

TENTH ADDENDUM DATED 11 FEBRUARY 2015 TO THE EXPLANATORY MEMORANDUM DATED FEBRUARY 2011 (AS AMENDED BY THE ADDENDA DATED 27 JUNE 2011, 16 DECEMBER 2011, 30 MARCH 2012, 16 APRIL 2012, 23 AUGUST 2013, 17 DECEMBER 2013, 16 JUNE 2014, 9 JULY 2014 AND 17 OCTOBER 2014)

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Updating of the Renminbi currency risk

With effect from 11 February 2015, the "Renminbi currency risk" as contained in "Appendix 1 – CCB International – RMB Fixed Income Fund" of the Explanatory Memorandum is deleted in its entirety and the following replaced in lieu:

"Renminbi currency risk – Renminbi is currently not a freely convertible currency as it is subject to foreign exchange control policies of and repatriation restrictions imposed by the Chinese government. If such policies change in future, the Sub-Fund's or the investors' position may be adversely affected.

Investors must subscribe for Units of the Sub-Fund and will receive redemption proceeds in RMB. There is no assurance that RMB will not be subject to devaluation, in which case the value of their investments will be adversely affected. If investors convert Hong Kong Dollar or any other currency into RMB so as to invest in the Sub-Fund and subsequently convert the RMB redemption proceeds back into Hong Kong Dollar or any other currency, they may suffer a loss if RMB depreciates against Hong Kong Dollar or such other currency.

In calculating the value of non-RMB denominated or settled assets and the prices of non-RMB denominated classes of Units, the Manager will normally apply the exchange rate for offshore RMB market in Hong Kong (the "CNH rate"). The CNH rate may be at a premium or discount to the exchange rate for onshore RMB market in the PRC (the "CNY rate") and there may be significant bid and offer spread. The value of the Sub-Fund thus calculated will be subject to fluctuation."

CCB INTERNATIONAL RMB FUND SERIES

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NINTH ADDENDUM DATED 17 OCTOBER 2014

**TO THE EXPLANATORY MEMORANDUM DATED FEBRUARY 2011 (AS
AMENDED BY THE ADDENDA DATED 27 JUNE 2011, 16 DECEMBER 2011, 30
MARCH 2012, 16 APRIL 2012, 23 AUGUST 2013, 17 DECEMBER 2013, 16 JUNE 2014
AND 9 JULY 2014)**

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Change of Telephone Number to the Manager's Customer Service Hotline

With effect from 17 November 2014, the telephone number for the Manager's customer service hotline will be changed to "852 3911 8361", as a result, the second point on page iii of the Explanatory Memorandum is deleted in its entirety and the following replaced in lieu:

- " • call the Manager's Customer Service Hotline: 852 3911 8361. "

CCB INTERNATIONAL RMB FUND SERIES
(the "Fund")

CCB INTERNATIONAL – RMB FIXED INCOME FUND
(the "Sub-Fund")

EIGHTH ADDENDUM DATED 9 JULY 2014
TO THE EXPLANATORY MEMORANDUM DATED FEBRUARY 2011 (AS AMENDED BY
THE ADDENDA DATED 27 JUNE 2011, 16 DECEMBER 2011, 30 MARCH 2012, 16 APRIL
2012, 23 AUGUST 2013, 17 DECEMBER 2013 AND 16 JUNE 2014)

This Addendum forms part of and should be read in the context of and in conjunction with the Explanatory Memorandum dated February 2011 as amended by the addenda dated 27 June 2011, 16 December 2011, 30 March 2012, 16 April 2012, 23 August 2013, 17 December 2013 and 16 June 2014 in relation to the Fund (collectively the "Explanatory Memorandum"). All information contained in the Explanatory Memorandum is deemed to be incorporated herein.

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Further to the Notice to Unitholders dated 16 June 2014 with respect to the Fund and the Sub-Fund, the Manager has, as of 26 June 2014, registered with the U.S. Internal Revenue Service as a sponsoring entity to the CCBI International RMB Fund Series in relation to FATCA (with Global Intermediary Identification Number (GIIN) number: HDGYE7.00000.SP.344). This Addendum contains changes to the Explanatory Memorandum updating the registration status of the Manager, as well as other general updates in relation to FATCA.

The Explanatory Memorandum shall be revised as follows:

- I. The following wording be inserted immediately after the risk factor headed "(xviii) Risk of termination" in the section headed "RISK FACTORS" of the Explanatory Memorandum:

"(xix) **FATCA Withholding Risk** - The U.S. tax provisions commonly known as the Foreign Account Tax Compliance Act ("**FATCA**") generally impose a new reporting regime and potentially a 30% withholding tax with respect to (i) certain United States ("**U.S.**") source income (including dividends and interest) and gross proceeds from the sale or other disposal of property that can produce U.S. source interest or dividends ("**Withholdable Payments**") and (ii) a portion of certain non-U.S. source payments from non-U.S. entities that have entered into FFI Agreements (as defined below) to the extent attributable to Withholdable Payments ("**Passthru Payments**").

In the event that the Fund (for itself or for each Sub-Fund) is not able to comply with the requirements imposed by FATCA and the Fund or the Sub-Fund suffers withholding tax in relation to certain payments as a result of the non-compliance, the Net Asset Value of the Fund and the Sub-Fund may be adversely affected and the Fund and the Sub-Fund may suffer a significant loss as a result.

For further information, please see the section headed "Foreign Account Tax Compliance" in the section "TAXATION" in the Explanatory Memorandum"

- II. The following sentence be inserted immediately following the last sentence of the second paragraph in the section headed "The Manager" under the section headed "MANAGEMENT OF THE FUND" of the Explanatory Memorandum:

"As of 26 June 2014, the Manager has registered with the U.S. Internal Revenue Service ("IRS") as a sponsoring entity to the Fund in relation to FATCA (with Global Intermediary Identification Number (GIIN) number: HDGYE7.00000.SP.344)."

- III. The section headed "FOREIGN ACCOUNT TAX COMPLIANCE" before the section headed "ANTI-MONEY LAUNDERING REGULATIONS" shall be deleted.
- IV. The following paragraphs shall be inserted immediately after the section headed "China" in the section headed "TAXATION" of the Explanatory Memorandum:

"Foreign Account Tax Compliance

The U.S. tax provisions commonly known as FATCA generally impose a new reporting regime and potentially a 30% withholding tax with respect to (i) Withholdable Payments and (ii) Passthru Payments. As a general matter, the new rules are designed to require U.S. persons' direct and indirect ownership of non-U.S. accounts and non-U.S. entities to be reported to the IRS. The 30% withholding tax regime applies if there is a failure to provide required information regarding U.S. ownership. The new withholding rules will be phased in beginning 1 July 2014, with the first deadline for FFIs (defined below) who have entered into an FFI Agreement (defined below) to file FATCA information reports with respect to accounts with the IRS being March 2015. Withholding on Passthru Payments (a concept not yet defined) will be imposed no earlier than 1 January 2017.

Generally, the new rules will subject all Withholdable Payments and Passthru Payments received by a Foreign Financial Institution (as defined in the Final Treasury Regulations or an applicable intergovernmental agreement (an "IGA")) ("FFI") to 30% withholding tax unless the FFI enters into an agreement with the IRS (a "FFI Agreement"), complies with the terms of an applicable IGA or is otherwise exempt. Under an FFI Agreement or an applicable IGA, an FFI generally will be required to provide information, representations and waivers of non-U.S. law as may be required to comply with the provisions of the new rules, including information regarding its direct and indirect U.S. accountholders. In the event that the Fund (for itself or for the Sub-Fund) is not able to comply with the requirements imposed by FATCA and the Fund or the Sub-Fund suffers withholding tax in relation to certain payments as a result of the non-compliance, the Net Asset Value of the Fund and the Sub-Fund may be adversely affected and the Fund and the Sub-Fund may suffer a significant loss as a result.

As of 26 June 2014, the Manager has registered with the IRS as a sponsoring entity to the Fund in relation to FATCA (with Global Intermediary Identification Number (GIIN) number: HDGYE7.00000.SP.344). As a sponsoring entity, the Manager, on behalf of the Fund, generally will be required to report to the IRS in respect of direct and certain indirect U.S. investors and may be required to impose a 30% withholding of tax on the share of Withholdable Payments and Passthru Payments attributable to (i) U.S. persons who fail to waive rights to prevent the Fund and/or a Sub-Fund from complying with its disclosure obligations under the FFI Agreement; (ii) persons who fail to establish their non-U.S. status as required under the FFI Agreement; (iii) non-U.S. financial entities that themselves do not enter into valid FFI Agreements, comply with the terms of an applicable IGA or otherwise qualify for an exemption; and (iv) certain other non-U.S. entities that do not provide certifications or information regarding their U.S. ownership.

The Hong Kong Government has announced that Hong Kong and the U.S. have substantially concluded discussions on an IGA and that the two jurisdictions are expected to sign a Model 2 IGA in 2014. Under a Model 2 IGA, financial institutions in Hong Kong generally will need to register with the IRS and comply with the requirements of an FFI Agreement, either directly or through a sponsoring entity.

If the Manager and/or the Trustee, acting in good faith and on reasonable grounds, determines that it is required to do so in order to comply with FATCA, the Manager and/or the Trustee may

liquidate a non-compliant investor's interest in the Fund, provided that such action is permitted by applicable laws and regulations. Any tax caused by a Unitholder's failure to comply with FATCA will be borne by the Unitholder.

Each Unitholder should consult its own tax advisors regarding the requirements, possible implications and related tax consequences of FATCA with respect to its own situation."

CCB INTERNATIONAL RMB FUND SERIES

CCB INTERNATIONAL – RMB FIXED INCOME FUND

SEVENTH ADDENDUM DATED 16 JUNE 2014

TO THE EXPLANATORY MEMORANDUM DATED FEBRUARY 2011 (AS AMENDED BY THE ADDENDA DATED 27 JUNE 2011, 16 DECEMBER 2011, 30 MARCH 2012, 16 APRIL 2012, 23 AUGUST 2013 AND 17 DECEMBER 2013)

This Addendum forms part of and should be read in the context of and in conjunction with the Explanatory Memorandum dated February 2011 as amended by the addenda dated 27 June 2011, 16 December 2011, 30 March 2012, 16 April 2012, 23 August 2013 and 17 December 2013 in relation to the Fund (collectively the “Explanatory Memorandum”). All information contained in the Explanatory Memorandum is deemed to be incorporated herein.

Words and expressions not specifically defined herein will bear the same meaning as that attributed to them in the Explanatory Memorandum.

Prospective investors should not construe the contents of this document as legal, investment, tax or other advice. Each prospective investor must rely upon his or her own representatives, including his or her own legal counsel and accountants, as to legal, economic, tax and related aspects of the investment described herein and as to its suitability for such investor.

Pursuant to the requirement of FATCA, a U.S tax law which is designed to provide the United States Internal Revenue Service with an increased ability to detect United States persons who may be avoiding tax through the use of financial accounts maintained offshore and through the ownership of foreign entities, the Explanatory Memorandum shall be revised as follows:

A new section headed “**FOREIGN ACCOUNT TAX COMPLIANCE**” shall be inserted before the section “**ANTI-MONEY LAUNDERING REGULATIONS**” on page 43:

“FOREIGN ACCOUNT TAX COMPLIANCE

The U.S. tax provisions commonly known as the Foreign Account Tax Compliance Act (“**FATCA**”) generally impose a new reporting regime and potentially a 30% withholding tax with respect

to (i) certain United States (“**U.S.**”) source income (including dividends and interest) and gross proceeds from the sale or other disposal of property that can produce U.S. source interest or dividends (“**Withholdable Payments**”) and (ii) a portion of certain non-U.S. source payments from non-U.S. entities that have entered into FFI Agreements (as defined below) to the extent attributable to Withholdable Payments (“**Passthru Payments**”). As a general matter, the new rules are designed to require U.S. persons’ direct and indirect ownership of non-U.S. accounts and non-U.S. entities to be reported to the United States Internal Revenue Service. The 30% withholding tax regime applies if there is a failure to provide required information regarding U.S. ownership. The new withholding rules will be phased in beginning 1 July 2014. Withholding on Passthru Payments (a concept not yet defined) will be imposed no earlier than 1 January 2017.

Generally, the new rules will subject all Withholdable Payments and Passthru Payments received by a Foreign Financial Institution (“**FFI**”) (as defined in the Final Treasury Regulations or an applicable intergovernmental agreement (an “**IGA**”)) to 30% withholding tax unless the FFI enters into an agreement with the IRS (a “**FFI Agreement**”), complies with the terms of an

applicable IGA or is otherwise exempt. Under an FFI Agreement or an applicable IGA, an FFI generally will be required to provide information, representations and waivers of non-U.S. law as may be required to comply with the provisions of the new rules, including information regarding its direct and indirect U.S. accountholders. No assurance can be provided that the Fund (for itself and for each Sub-Fund) will enter into such an FFI Agreement with the IRS or otherwise comply with the terms of an applicable IGA. If the Fund (for itself and for each Sub-Fund) does enter into an FFI Agreement with the IRS, it generally will be required to report to the IRS in respect of direct and certain indirect U.S. investors and may be required to impose a 30% withholding of tax on the share of Withholdable Payments and Passthru Payments attributable to (i) U.S. persons who fail to waive rights to prevent the Fund and/or a Sub-Fund from complying with its disclosure obligations under the FFI Agreement; (ii) persons who fail to establish their non-U.S. status as required under the FFI Agreement; (iii) non-U.S. financial entities that themselves do not enter into valid FFI Agreements, comply with the terms of an applicable IGA or otherwise qualify for an exemption; and (iv) certain other non-U.S. entities that do not provide certifications or information regarding their U.S. ownership.

If the Manager and/or the Trustee reasonably determines that it is required to do so in order to comply with FATCA, the Manager and/or the Trustee may liquidate a non-compliant investor's interest. Any tax caused by a Unitholder's failure to comply with FATCA will be borne by the Unitholder.

Each Unitholder should consult its own tax advisors regarding the requirements under FATCA with respect to its own situation.”

CCB INTERNATIONAL RMB FUND SERIES

CCB INTERNATIONAL – RMB FIXED INCOME FUND

SIXTH ADDENDUM DATED 17 DECEMBER 2013

**TO THE EXPLANATORY MEMORANDUM DATED FEBRUARY 2011 (AS
AMENDED BY THE ADDENDA DATED 27 JUNE 2011, 16 DECEMBER 2011,
30 MARCH 2012, 16 APRIL 2012 AND 23 AUGUST 2013)**

This Addendum forms part of and should be read in the context of and in conjunction with the Explanatory Memorandum dated February 2011 (as amended by the addenda dated 27 June 2011, 16 December 2011, 30 March 2012, 16 April 2012 and 23 August 2013) in relation to the Fund (collectively the “Explanatory Memorandum”). All information contained in the Explanatory Memorandum is deemed to be incorporated herein.

Words and expressions not specifically defined herein will bear the same meaning as that attributed to them in the Explanatory Memorandum.

Prospective investors should not construe the contents of this document as legal, investment, tax or other advice. Each prospective investor must rely upon his or her own representatives, including his or her own legal counsel and accountants, as to legal, economic, tax and related aspects of the investment described herein and as to its suitability for such investor.

Change of auditor

With effect from 17 December 2013, PricewaterhouseCoopers has been appointed as the auditor of the Fund and of the Sub-Fund, as a result, information of “Auditors” under the section headed “ADMINISTRATION” of the Explanatory Memorandum is deleted in its entirety and replaced as follows:

“ **Auditors**
PricewaterhouseCoopers
21/F
Edinburgh Tower
15 Queen’s Road Central
Hong Kong ”

CCB INTERNATIONAL RMB FUND SERIES
(the “Trust”)
CCB INTERNATIONAL – RMB FIXED INCOME FUND
(the “Fund”)

FIFTH ADDENDUM DATED 23 AUGUST 2013
TO THE EXPLANATORY MEMORANDUM DATED FEBRUARY 2011 (AS AMENDED BY THE
ADDENDA DATED 27 JUNE 2011, 16 DECEMBER 2011, 30 MARCH 2012 AND 16 APRIL 2012)

This Addendum forms part of and should be read in the context of and in conjunction with the Explanatory Memorandum dated February 2011 (as amended by the addenda dated 27 June 2011, 16 December 2011, 30 March 2012 and 16 April 2012) in relation to the Fund (collectively the "Explanatory Memorandum"). All information contained in the Explanatory Memorandum is deemed to be incorporated herein.

Words and expressions not specifically defined herein will bear the same meaning as that attributed to them in the Explanatory Memorandum.

Prospective investors should not construe the contents of this document as legal, investment, tax or other advice. Each prospective investor must rely upon his or her own representatives, including his or her own legal counsel and accountants, as to legal, economic, tax and related aspects of the investment described herein and as to its suitability for such investor.

Relocation of the Registered Office of the Manager

With effect from 23 September 2013, the registered office of the Manager will be relocated to 12/F., CCB Tower, 3 Connaught Road Central, Central, Hong Kong. The telephone number and the fax number of the Manager remain unchanged.

The Explanatory Memorandum shall be revised as follows:

- I. The first bullet point on page iii shall be deleted in its entirety and the following inserted in lieu:

“• write to the Manager (address at 12/F., CCB Tower, 3 Connaught Road Central, Central, Hong Kong); or”;

- II. The section headed “**Manager**” under the section headed “**ADMINISTRATION**” on page 1 is deleted in its entirety and the following inserted in lieu:

“**Manager**
CCB International Asset Management Limited
12/F., CCB Tower
3 Connaught Road Central
Central
Hong Kong”

CCB INTERNATIONAL RMB FUND SERIES
(the "Trust")
CCB INTERNATIONAL – RMB FIXED INCOME FUND
(the "Fund")

FOURTH ADDENDUM DATED 16 APRIL 2012
TO THE EXPLANATORY MEMORANDUM DATED FEBRUARY 2011
(AS AMENDED BY THE ADDENDA DATED 27 JUNE 2011, 16 DECEMBER 2011 AND 30 MARCH 2012)

This Addendum forms part of and should be read in the context of and in conjunction with the Explanatory Memorandum dated February 2011 (as amended by the addendum dated 27 June 2011 , 16 December 2011 and 30 March 2012) in relation to the Fund (collectively the "Explanatory Memorandum"). All information contained in the Explanatory Memorandum is deemed to be incorporated herein.

Words and expressions not specifically defined herein will bear the same meaning as that attributed to them in the Explanatory Memorandum.

Prospective investors should not construe the contents of this document as legal, investment, tax or other advice. Each prospective investor must rely upon his or her own representatives, including his or her own legal counsel and accountants, as to legal, economic, tax and related aspects of the investment described herein and as to its suitability for such investor.

Description of the Manager

With effect from 2 April 2012, the section headed “The Manager” under the section headed “MANAGEMENT OF THE FUND” of the Explanatory Memorandum is deleted in its entirety and the following inserted in lieu:

“The Manager

The Manager was incorporated with limited liability in 29 November 2004 in Hong Kong. It is an indirect wholly owned subsidiary of China Construction Bank Corporation.

The Manager is licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities as defined in Schedule 5 of the SFO.

The Manager undertakes the investment of the assets of the Fund. Subject to prior SFC approval, the Manager may appoint sub-managers or discretionary investment advisers in relation to specific Sub-Funds by normally giving no less than one month’s prior notice (or such shorter notice as may be agreed with the SFC) to Unitholders. The remuneration of such sub-managers and investment advisers will be borne by the Manager.”

CCB INTERNATIONAL RMB FUND SERIES
(the "Trust")
CCB INTERNATIONAL – RMB FIXED INCOME FUND
(the "Fund")

THIRD ADDENDUM DATED 30 MARCH 2012
TO THE EXPLANATORY MEMORANDUM DATED FEBRUARY 2011
(AS AMENDED BY THE ADDENDA DATED 27 JUNE 2011 AND 16 DECEMBER 2011)

This Addendum forms part of and should be read in the context of and in conjunction with the Explanatory Memorandum dated February 2011 (as amended by the addendum dated 27 June 2011 and 16 December 2011) in relation to the Fund (collectively the "Explanatory Memorandum"). All information contained in the Explanatory Memorandum is deemed to be incorporated herein.

Words and expressions not specifically defined herein will bear the same meaning as that attributed to them in the Explanatory Memorandum.

Prospective investors should not construe the contents of this document as legal, investment, tax or other advice. Each prospective investor must rely upon his or her own representatives, including his or her own legal counsel and accountants, as to legal, economic, tax and related aspects of the investment described herein and as to its suitability for such investor.

Changes of Directors of the Manager

Li Yuezhong has been appointed as a director of the Manager with effect from 16 March 2012 and his name shall be inserted to the list of "Directors of the Manager" under the section headed "ADMINISTRATION" of the Explanatory Memorandum.

Ho Siu Kee David, Liu Bin and Xu Xiaolin have resigned as directors of the Manager with effect from 16 March 2012 and their names shall be deleted from the list of "Directors of the Manager" under the section headed "ADMINISTRATION" of the Explanatory Memorandum.

CCB INTERNATIONAL RMB FUND SERIES
(the "Trust")
CCB INTERNATIONAL – RMB FIXED INCOME FUND
(the "Fund")

SECOND ADDENDUM DATED 16 DECEMBER 2011
TO THE EXPLANATORY MEMORANDUM DATED FEBRUARY 2011
(AS AMENDED BY AN ADDENDUM DATED 27 JUNE 2011)

This Addendum forms part of and should be read in the context of and in conjunction with the Explanatory Memorandum dated February 2011 (as amended by an addendum dated 27 June 2011) in relation to the Fund (collectively the "Explanatory Memorandum"). All information contained in the Explanatory Memorandum is deemed to be incorporated herein.

Words and expressions not specifically defined herein will bear the same meaning as that attributed to them in the Explanatory Memorandum.

Prospective investors should not construe the contents of this document as legal, investment, tax or other advice. Each prospective investor must rely upon his or her own representatives, including his or her own legal counsel and accountants, as to legal, economic, tax and related aspects of the investment described herein and as to its suitability for such investor.

Changes of Directors of the Manager

Yang Ning has been appointed as a director of the Manager with effect from 21 September 2011 and her name shall be inserted to the list of "Directors of the Manager" under the section headed "ADMINISTRATION" of the Explanatory Memorandum.

Wang Xiaojun has resigned as a director of the Manager with effect from 1 December 2011 and his name shall be deleted from the list of "Directors of the Manager" under the section headed "ADMINISTRATION" of the Explanatory Memorandum.

CCB INTERNATIONAL RMB FUND SERIES
(the "Trust")
CCB INTERNATIONAL – RMB FIXED INCOME FUND
(the "Fund")

ADDENDUM DATED 27TH JUNE 2011
TO EXPLANATORY MEMORANDUM DATED FEBRUARY 2011

This Addendum forms part of and should be read in the context of and in conjunction with the Explanatory Memorandum dated February 2011 in relation to the Fund (the "Explanatory Memorandum and Addendum"). All information contained in the Explanatory Memorandum and Addendum is deemed to be incorporated herein.

The directors of CCB International Asset Management Limited, the manager of the Trust and the Fund, accept responsibility for the information contained in this Addendum.

Words and expressions not specifically defined herein will bear the same meaning as that attributed to them in the Explanatory Memorandum and Addendum.

Prospective investors should not construe the contents of this document as legal, investment, tax or other advice. Each prospective investor must rely upon his or her own representatives, including his or her own legal counsel and accountants, as to legal, economic, tax and related aspects of the investment described herein and as to its suitability for such investor.

1. Appointment and Resignation of Director

WANG Xiaojun has been appointed as Director of the Manager with effect from 8 June 2011 and his name shall be inserted to the list of Directors of the Manager on page 1 of the Explanatory Memorandum.

SONG Yi was resigned as Director of the Manager with effect from 8 April 2011 and his name shall be deleted from the list of Directors of the Manager on the Explanatory Memorandum dated February 2011.

CCB INTERNATIONAL RMB FUND SERIES

EXPLANATORY MEMORANDUM

February 2011

IMPORTANT INFORMATION FOR INVESTORS

This Explanatory Memorandum comprises information relating to CCB International RMB Fund Series, an open-ended unit trust established as an umbrella fund under the laws of Hong Kong by a trust deed dated 29 December 2010 between CCB International Asset Management Limited as manager and BOCI-Prudential Trustee Limited as trustee.

The Manager accepts full responsibility for the accuracy of the information contained in this Explanatory Memorandum, and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement misleading. However, neither the delivery of this Explanatory Memorandum nor the offer or issue of Units shall under any circumstances constitute a representation that the information contained in this Explanatory Memorandum is correct as of any time subsequent to the date of its publication. This Explanatory Memorandum may from time to time be updated. Intending applicants for Units should ask the Manager if any supplements to this Explanatory Memorandum or any later Explanatory Memorandum have been issued.

Distribution of this Explanatory Memorandum must be accompanied by a copy of the latest available annual report and accounts of the Fund (if any) and any subsequent interim report. Units are offered on the basis only of the information contained in this Explanatory Memorandum and (where applicable) the above mentioned annual reports and accounts and interim reports. Any information given or representations made by any dealer, salesman or other person and (in either case) not contained in this Explanatory Memorandum should be regarded as unauthorised and accordingly must not be relied upon.

The Fund has been authorised by the SFC pursuant to section 104 of the SFO. SFC authorisation is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

No action has been taken to permit an offering of Units or the distribution of this Explanatory Memorandum in any jurisdiction other than Hong Kong where action would be required for such purposes. Accordingly, this Explanatory Memorandum may not be used for the purpose

of an offer or solicitation in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised.

In particular:-

- (a) the Units have not been registered under the United States Securities Act of 1933 (as amended) and, except in a transaction which does not violate such Act, may not be directly or indirectly offered or sold in the United States of America, or any of its territories or possessions or areas subject to its jurisdiction, or for the benefit of a US Person (as defined in Regulation S under such Act); and
- (b) the Fund has not been and will not be registered under the United States Investment Company Act of 1940 as amended.

Potential applicants for Units should inform themselves as to (a) the possible tax consequences, (b) the legal requirements and (c) any foreign exchange restrictions or exchange control requirements which they might encounter under the laws of the countries of their incorporation, citizenship, residence or domicile and which might be relevant to the subscription, holding or disposal of Units.

Investment involves risk and investors should note that losses may be sustained on their investment. There is no assurance that the investment objective of the respective Sub-Fund will be achieved. Investors should read the Explanatory Memorandum, particularly the section headed “Risk Factors” and the risk factors (if any) set out in the relevant Appendix, before making their investment decisions.

Important - If you are in any doubt about the contents of this Explanatory Memorandum, you should seek independent professional financial advice.

Each Sub-Fund is subject to market fluctuations and to the risks inherent in all investments. The price of Units of any Sub-Fund and the income from them may go down as well as up.

Investors may contact the Manager for any queries or complaints in relation to any Sub-Fund. To contact the Manager, investors may either:

- write to the Manager (address at 34/F Two Pacific Place, 88 Queensway, Admiralty, Hong Kong); or
- call the Manager's Customer Service Hotline: +852 2532 6705.

A written response to any complaint will be provided within a reasonable period, normally not exceeding 30 days.

INTRODUCTION

- This Explanatory Memorandum and the Product Key Facts Statement together form part of the offering document of CCB International RMB Fund Series, and its initial Sub-Fund, CCB International - RMB Fixed Income Fund.
- CCB International - RMB Fixed Income Fund seeks to achieve long-term capital return while maintaining a steady flow of income through investment primarily in a diversified portfolio of debt instruments denominated in RMB. It may also invest in other RMB denominated deposits issued outside mainland China, such as bank certificate of deposit, bank deposits and negotiated term deposits, commercial papers and short term bills and notes.
- CCB International - RMB Fixed Income Fund is denominated in RMB, and subscription moneys and redemption proceeds must be paid in RMB.
- Information relating to CCB International - RMB Fixed Income Fund is set out in Appendix I of this Explanatory Memorandum. Investors should refer to the relevant risks under the section headed “Specific Risk Factors” on page 49 and those under the section headed “Risk Factors” on page 26 in the main part of this Explanatory Memorandum before making any investment decisions.

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ADMINISTRATION

Manager

CCB International Asset Management
Limited
34/F Two Pacific Place
88 Queensway
Admiralty
Hong Kong

Directors of the Manager

Mr. LI Ngai
Mr. HO Siu Kee David
Mr. SONG Yi
Mr. XU Xiaolin
Mr. LIU Bin
Mr. LO Chak Bong Alfred Bing
Mr. RATTIWAT Samson
Mr. YANG Feng
Ms. BAI Yue

Trustee and Registrar

BOCI-Prudential Trustee Limited
12/F & 25/F, Citicorp Centre
18 Whitfield Road
Causeway Bay
Hong Kong

Custodian

Bank of China (Hong Kong) Limited
14/F, Bank of China Tower
1 Garden Road
Hong Kong

Auditors

Ernst & Young
18/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

Solicitors to the Manager

Deacons
5/F, Alexandra House
18 Chater Road
Central
Hong Kong

DEFINITIONS

The defined terms used in this Explanatory Memorandum have the following meanings:-

“Accounting Date”	31 December in each year or such other date or dates in each year as the Manager may from time to time specify in respect of any Sub-Fund and notify to the Trustee and the Unitholders of such Sub-Fund
“Accounting Period”	a period commencing on the date of establishment of the relevant Sub-Fund or on the date next following an Accounting Date of the relevant Sub-Fund and ending on the next succeeding Accounting Date for such Sub-Fund
“Authorised Distributor”	any person appointed by the Manager to distribute Units of some or all of the Sub-Funds to potential investors
“Business Day”	a day (other than a Saturday) on which banks in Hong Kong are open for normal banking business or such other day or days as the Manager and the Trustee may agree from time to time, provided that where as a result of a number 8 typhoon signal, black rainstorm warning or other similar event, the period during which banks in Hong Kong are open on any day is reduced, such day shall not be a Business Day unless the Manager and the Trustee determine otherwise
“China”, “mainland China” or “PRC”	the People’s Republic of China excluding Hong Kong, Macau and Taiwan for purpose of this document
“connected person”	in relation to the Manager, means: (a) any person, company or fund beneficially owning, directly or indirectly, 20% or more of the ordinary share capital of the Manager or being able to exercise, directly or indirectly, 20% or more of the total votes in the Manager; or

- (b) any person, company or fund controlled by a person who or which meets one or both of the descriptions given in (a); or
- (c) any member of the group of which the Manager forms part; or
- (d) any director or officer of the Manager or of any of its connected persons as defined in (a), (b) or (c) above

“Custodian”	Bank of China (Hong Kong) Limited
“Dealing Day”	the days on which Units are subscribed for or redeemed, as described in the Appendix for the relevant Sub-Fund(s)
“Dealing Deadline”	4:00 p.m. (Hong Kong time) on a Dealing Day or such other time or other Business Day as the Manager may from time to time with the approval of the Trustee determine, as described in the Appendices for the relevant Sub-Funds
“Explanatory Memorandum”	this Explanatory Memorandum including the Appendices, as each may be amended, updated or supplemented from time to time
“Fund”	CCB International RMB Fund Series
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Issue Price”	in respect of each Sub-Fund the issue price per Unit as more fully described in the section “Purchase of Units”
“Manager”	CCB International Asset Management Limited
“Net Asset Value”	the net asset value of the Fund or a Sub-Fund or of a Unit, as the context may require, calculated in accordance with the provisions

	of the Trust Deed as summarised below under the section headed “Valuation”
“Redemption Price”	the price at which Units will be redeemed as more fully described in the section headed “Redemption of Units”
“Registrar”	BOCI-Prudential Trustee Limited in its capacity as registrar of the Fund
“RMB” or “Renminbi”	renminbi, the currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance, Laws of Hong Kong (Chapter 571)
“Sub-Fund”	a separate pool of assets of the Fund that is invested and administered separately
“Trust Deed”	the trust deed dated 29 December 2010 establishing the Fund and entered into by the Manager and the Trustee
“Trustee”	BOCI-Prudential Trustee Limited in its capacity as trustee of the Fund
“Unit”	a unit in a Sub-Fund
“Unitholder”	a person registered as a holder of a Unit
“US\$”	the lawful currency of the United States of America
“Valuation Day”	each Dealing Day or such other day as the Manager may from time to time determine as described in the Appendix for the relevant Sub-Fund(s)
“Valuation Point”	the close of business in the last of the relevant market to close on each Valuation Day or such other time on such other day as the Manager may from time to time determine, as described in the

Appendix for the relevant Sub-Fund to calculate the Net Asset Value

THE FUND

CCB International RMB Fund Series is an open-ended unit trust established as an umbrella fund pursuant to the Trust Deed and governed by the laws of Hong Kong. All Unitholders are entitled to the benefit of, are bound by and deemed to have notice of the provisions of the Trust Deed.

The Manager may create further Sub-Fund(s) in the future. Investors should contact the Manager to obtain the latest offering document relating to the available Sub-Fund(s).

Multiple classes of Units may be issued in respect of each Sub-Fund and the Manager may create additional classes of Units for any Sub-Fund(s) in its sole discretion in the future. The assets of each Sub-Fund will be invested and administered separately from the assets of the other Sub-Fund(s). The details of the Sub-Fund(s) and/or the new class or classes of Units related thereto that are on offer are set out in the Appendices to this Explanatory Memorandum.

INVESTMENT OBJECTIVE

The Fund currently offers one Sub-Fund, CCB International - RMB Fixed Income Fund, and is anticipated to offer a range of Sub-Funds, each with different investment objectives and policies as specified in the relevant Appendix hereto relating to the Sub-Fund.

MANAGEMENT OF THE FUND

The Manager

The Manager of the Fund is CCB International Asset Management Limited.

The Manager was incorporated with limited liability in 29 November 2004 in Hong Kong. It is an indirect wholly owned subsidiary of China Construction Bank Corporation.

The Manager is licensed to conduct Type 4 (advising on securities) and Type 9 (asset management) regulated activities as defined in Schedule 5 of the SFO.

The Manager undertakes the investment of the assets of the Fund. Subject to prior SFC approval, the Manager may appoint sub-managers or discretionary investment advisers in relation to specific Sub-Funds by normally giving no less than one month's prior notice (or

such shorter notice as may be agreed with the SFC) to Unitholders. The remuneration of such sub-managers and investment advisers will be borne by the Manager.

The Trustee and the Registrar

BOCI-Prudential Trustee Limited, which is a registered trust company in Hong Kong, has been appointed as Trustee and Registrar of the Fund.

The Trustee is a joint venture founded by BOC Group Trustee Company Limited and Prudential Corporation Holdings Limited. BOC Group Trustee Company Limited is owned by Bank of China (Hong Kong) Limited and BOC International Holdings Limited, which are subsidiaries of Bank of China Limited.

Under the Trust Deed, the Trustee is responsible for the safe-keeping of the assets of the Fund and monitoring the compliance by the Manager with the requirements of the Trust Deed. As the Registrar of the Fund, BOCI-Prudential Trustee Limited will be responsible for maintaining the register of Unitholders.

The Custodian

Bank of China (Hong Kong) Limited ("BOCHK") has been appointed as the custodian of the Fund.

BOCHK was incorporated in Hong Kong on 16 October, 1964. As a locally incorporated licensed bank, it was re-structured to the present form since 1 October 2001 by combining the businesses of ten of the twelve banks in Hong Kong originally belonging to the Bank of China Group. In addition, it holds shares in Nanyang Commercial Bank Limited and Chiyu Banking Corporation Limited, both of which are incorporated in Hong Kong, as well as BOC Credit Card (International) Limited.

BOC Hong Kong (Holdings) Limited was incorporated in Hong Kong on 12 September 2001 to hold the entire equity interest in BOCHK, its principal operating subsidiary. After a successful global IPO, BOC Hong Kong (Holdings) Limited began trading on the Main Board of the Stock Exchange of Hong Kong Limited on 25 July 2002 with stock code "2388" and became a Hang Seng Index constituent stock on 2 December 2002.

With a network of over 280 branches, servicing more than 600,000 corporates and 2 million retail customers, BOCHK is the second largest banking group in Hong Kong as of 30 June 2010. It offers a full range of banking services, including global custody and also fund services for institutional clients.

Pursuant to a custodian agreement, the Custodian will act as the custodian of the Fund's assets, which will be held directly by the Custodian or through its agents, sub-custodians, or delegates pursuant to the custodian agreement.

The Authorised Distributor

The Manager may appoint one or more Authorised Distributor(s) to distribute Units of one or more Sub-Fund(s), and to receive applications for subscription, redemption and/or switching of Units on the Manager's behalf.

CLASSES OF UNITS

Different classes of Units may be offered for each Sub-Fund. Although the assets attributable to each class of Units of a Sub-Fund will form one single pool, each class of Units may have a different charging structure with the result that the net asset value attributable to each class of Units of a Sub-Fund may differ. In addition, each class of Units may be subject to different minimum initial and subsequent subscription amounts and holding amounts, and minimum redemption and switching amounts. Investors should refer to the relevant Appendix for the available classes of Units and the applicable minimum amounts. The Manager may in its discretion agree to accept applications for subscription, redemption and switching of certain classes below the applicable minimum amounts.

DEALING DAY AND DEALING DEADLINE

The Manager may from time to time with the approval of the Trustee determine generally or in relation to any particular jurisdiction the time on such Dealing Day or on such other Business Day (on which Units may from time to time be sold) prior to which instructions for subscriptions, redemptions or switching are to be received in order to be dealt with on a particular Dealing Day. The Dealing Days and the relevant Dealing Deadlines for each Sub-Fund are set out in the relevant Appendix.

The Authorised Distributor(s) may impose different dealing deadlines for receiving instructions for subscriptions, redemptions or switching. Investors should pay attention to the arrangements of the Authorised Distributor(s) concerned.

PURCHASE OF UNITS

Initial Offer

Details of the initial offer of Units are set forth in the Appendix relating to the relevant Sub-Fund.

Subsequent Subscription

Following the close of the initial offer period, Units will be issued at the prevailing Issue Price per Unit. The Issue Price on any Dealing Day will be the Net Asset Value of the relevant Sub-Fund as at the Valuation Point in respect of the Dealing Day divided by the number of Units then in issue, rounded down to 2 decimal places. Any rounding adjustment shall be retained for the benefit of the relevant Sub-Fund. In calculating the Issue Price, the Manager may impose surcharges to compensate for the difference between the price at which assets of the relevant Sub-Fund are to be valued and the total cost of acquiring such assets including other relevant expenses such as taxes, governmental charges, brokerages, etc.

Unless otherwise disclosed in the Appendix of a Sub-Fund, applications for subscription of any class of Units in a Sub-Fund (together with application moneys), if received prior to the Dealing Deadline and accepted by the Manager, will be dealt with on that Dealing Day. Applications received after the Dealing Deadline in relation to a Dealing Day will be held over until the next Dealing Day. The Manager has the discretion to accept applications and/or application moneys received after the Dealing Deadline.

Units may not be issued during the period of any suspension of the determination of the Net Asset Value relating to such class of Units of a Sub-Fund (for details see the section below headed "Suspension of Calculation of Net Asset Value").

Application Procedure

To purchase Units an investor should complete the application form, which may be obtained from the Manager or the Authorised Distributors (the “**Application Form**”), and return the Application Form together with the subscription moneys to the Authorised Distributors (details of which as set out in the Application Form). Further supporting documents (described in the Application Form) should also be provided together with the Application Form.

The Application Form may also be sent by facsimile or any other means as agreed by the Manager or the Trustee provided the original follows promptly. Investors should be reminded that if they choose to send the Application Forms by facsimile or electronic means, they bear their own risk of such applications not being received. Investors should note that the Fund, the Sub-Funds, the Manager, the Trustee and their respective agents and delegates accept no responsibility for any loss caused as a result of non-receipt or illegibility of any application sent by facsimile or electronic means or for any loss caused in respect of any action taken as a consequence of such instructions believed in good faith to have originated from properly authorised persons. This is notwithstanding the fact that a transmission report produced by the originator of such transmission discloses that such transmission was sent. Investors should therefore for their own benefit confirm with the Manager safe receipt of an application.

Each applicant whose application is accepted will be sent a contract note confirming details of the purchase of Units but no certificates will be issued.

The Manager, at its discretion, is entitled to impose a preliminary charge of up to 5.00% on the Issue Price of each Unit, and the current rates are described in the relevant Appendix for each Sub-Fund. The Manager may retain the benefit of such charge or may re-allow or pay all or part of the preliminary charge (and any other fees received) to intermediaries or such other persons as the Manager may at its absolute discretion determine. The Manager also has discretion to waive the preliminary charge in whole or in part in relation to any subscription for Units whether generally or in a particular case.

Investment Minima

Details of the minimum initial subscription, minimum holding amount, minimum subsequent subscription and minimum redemption amounts applicable to each class of Units in each Sub-Fund are set out in the relevant Appendix.

The Manager has the discretion to waive, change or accept an amount lower than the above amounts, whether generally or in a particular case.

Payment Procedure

Applications will generally be accepted on a Dealing Day only if application moneys have been received on or prior to such Dealing Day in relation to which Units are to be issued. Notwithstanding the above, a Sub-Fund may rely upon application forms received and may issue Units to investors according to such application forms and invest the expected application amounts. If payment is not cleared within 4 Business Days following the relevant Dealing Day (or such other date as the Manager shall determine and notify the relevant applicant at the time of receipt of the application), the Manager reserves the right to cancel the transaction. In such circumstances, an investor may be required to settle the difference between the prices at issue and at cancellation of the Units concerned and in addition the appropriate cancellation fees and charges.

Subscription moneys should normally be paid in the relevant base currency as disclosed in the relevant Appendix. Unless otherwise specified in the relevant Appendix relating to a Sub-Fund and subject to the agreement of the Trustee or the Manager, and to applicable limits on foreign exchange, arrangements can be made for applicants to pay for Units in most other major currencies and in such cases, the cost of currency conversion will be borne by the applicant.

All payments should be made by cheque, direct transfer, telegraphic transfer or banker's draft. Cheques and banker's drafts should be crossed "a/c payee only, not negotiable" and made payable to "BOCI-Prudential Trustee Limited - *the name of the relevant Sub-Fund to be subscribed*", and sent with the Application Form. Payment by cheque is likely to cause delay in receipt of cleared funds and Units generally will not be issued until the cheque is cleared. Any costs of transfer of application moneys to a Sub-Fund will be payable by the applicant.

Details of payments by telegraphic transfer are set out in the Application Form.

All application moneys must originate from an account held in the name of the applicant. No third party payments shall be accepted.

No money should be paid to any intermediary in Hong Kong who is not licensed by or registered with the SFC to conduct Type 1 (Dealing in Securities) regulated activity under Part V of the SFO.

General

All holdings will be held for investors in registered form and no certificates will be issued. Evidence of title will be the entry on the register of Unitholders. Unitholders should therefore be aware of the importance of ensuring that the Manager and the Trustee are informed of any change to the registered details.

Fractions of Units, rounded down to 2 decimal places, may be issued. Application moneys representing fractions smaller than 2 decimal places of a Unit will be retained by the relevant Sub-Fund. The Manager reserves the right to reject any application in whole or in part. In the event that an application is rejected, application moneys will be returned without interest by cheque through the post or by telegraphic transfer to the bank account from which the moneys originated at the risk and expense of the applicants (or in such other manner determined by the Manager and the Trustee). A maximum of 4 persons may be registered as joint Unitholders.

REDEMPTION OF UNITS

Redemption Procedure

Unitholders who wish to redeem their Units may do so on any Dealing Day by submitting a redemption request to the Authorised Distributors before the Dealing Deadline for the relevant Sub-Fund, as defined in the relevant Appendix. Unless otherwise stated in the Appendix of the relevant Sub-Fund, redemption requests received after the Dealing Deadline will be carried forward and dealt with on the next following Dealing Day, subject to the Manager's discretion to accept late redemption requests.

Partial redemptions may be effected subject to any minimum redemption amount for each class of Units of a Sub-Fund as disclosed in the relevant Appendix or as the Manager may determine from time to time whether generally or in a particular case.

If a request for redemption will result in a Unitholder holding Units in a class to the value of less than the minimum holding amount of that class as set out in the relevant Appendix of a Sub-Fund, the Manager may deem such request to have been made in respect of all the Units of that class held by that Unitholder. The Manager has the discretion to waive the requirement for a minimum holding amount of Units, whether generally or in a particular case.

A redemption request must be given in writing (and, if sent by facsimile or other means as agreed by the Manager or the Trustee, the original must follow promptly by mail), and must specify (i) the name of the Sub-Fund and the value or number of Units to be redeemed (ii) the relevant class of Units to be redeemed (iii) the name(s) of the registered holder(s); and (iv) the payment instructions for the redemption proceeds. Investors should be reminded that if they choose to send redemption requests by facsimile or electronic means, they bear their own risk of the requests not being received or illegible. Investors should note that the Fund, the Sub-Funds, the Manager, the Trustee and their respective agents and delegates accept no responsibility for any loss caused as a result of non-receipt or illegibility of any redemption request sent by facsimile or electronic means or for any loss caused in respect of any action taken as a consequence of such instructions believed in good faith to have originated from properly authorised persons. This is notwithstanding the fact that a transmission report produced by the originator of such transmission discloses that such transmission was sent. Investors should therefore for their own benefit confirm with the Manager safe receipt of a request.

A request for redemption once given cannot be revoked without the consent of the Manager.

Payment of Redemption Proceeds

The Redemption Price on any Dealing Day shall be the price per Unit ascertained by dividing the Net Asset Value of the relevant Sub-Fund as at the Valuation Point in respect of the Dealing Day by the number of Units then in issue rounded down to 2 decimal places. Any rounding adjustment shall be retained by the relevant Sub-Fund. Such price shall be calculated in the base currency of the relevant Sub-Fund and quoted by the Manager in such base currency and in such other currency or currencies at the Manager's discretion (with prior notice to the Trustee) by converting such price to its equivalent in such other currency or currencies at the same rate as the Manager shall apply in calculating the Net Asset Value as at the Valuation Point. In calculating the Redemption Price, the Manager may impose deductions to compensate for the difference between the price at which assets of the relevant Sub-Fund are to be valued and the net proceeds which would be received on sale of such assets and for the relevant expenses such as taxes, governmental charges, brokerages, etc.

The Manager may at its option impose a redemption charge of up to 5.25 % of the Redemption Price of the relevant class of Units to be redeemed. The redemption charge, if any, is described in the relevant Appendix. The Manager may on any day in its sole and absolute discretion

differentiate between Unitholders as to the amount of the redemption charge to be imposed (within the permitted limit).

The amount due to a Unitholder on the redemption of a Unit pursuant to the paragraphs above shall be the Redemption Price per Unit, less any redemption charge and any rounding adjustment in respect thereof. The rounding adjustment aforesaid in relation to the redemption of any Units shall be retained as part of the relevant Sub-Fund. The redemption charge shall be retained by the Manager for its own use and benefit.

Redemption proceeds will not be paid to any redeeming Unitholder until (a) unless otherwise agreed by the Trustee, the written original of the redemption request (in the required form) duly signed by the Unitholder has been received and (b) where redemption proceeds are to be paid by telegraphic transfer, the signature of the Unitholder (or each joint Unitholder) has been verified to the satisfaction of the Trustee.

The Manager or the Trustee, as the case may be, may, in its absolute discretion, refuse to make a redemption payment to a Unitholder if (i) the Manager or the Trustee, as the case may be, suspects or is advised that the payment of any redemption proceeds to such Unitholder may result in a breach or violation of any anti-money laundering law by any person in any relevant jurisdiction or other laws or regulations by any person in any relevant jurisdiction, or such refusal is considered necessary or appropriate to ensure the compliance by the Fund, the Manager, the Trustee or its other service providers with any such laws or regulations in any relevant jurisdiction; or (ii) there is a delay or failure by the redeeming Unitholder in producing any information or documentation required by the Trustee and/or the Manager or their respective duly authorised agent for the purpose of verification of identity.

In the event that there is a delay in receipt by the Manager or the Trustee of the proceeds of realisation of the investments of the relevant Sub-Fund to meet redemption requests, the Manager or the Trustee may delay the payment of the relevant portion of the amount due on the redemption of Units. If the Manager or the Trustee is required by the laws of any relevant jurisdiction to make a withholding from any redemption moneys payable to the holder of a Unit the amount of such withholding shall be deducted from the redemption moneys otherwise payable to such person. Where the market(s) in which a substantial portion of the investments of the relevant Sub-Fund is made is subject to such legal or regulatory requirements (such as foreign currency controls) rendering the payment of such amounts not practicable, payment may be delayed but the extended time frame for payment should reflect the additional time needed in light of the specific circumstances in the relevant markets.

Subject as mentioned above and so long as relevant account details have been provided, redemption proceeds will be paid in the base currency of the relevant Sub-Fund by direct transfer or telegraphic transfer, normally within 7 Business Days after the relevant Dealing Day (or as otherwise specified in the Appendix of the relevant Sub-Fund) and in any event within one calendar month of the relevant Dealing Day or (if later) receipt of a properly documented request for redemption of Units, unless the market(s) in which a substantial portion of investments is made is subject to legal or regulatory requirements (such as foreign currency controls), rendering the payment of the redemption money within the aforesaid time period not practicable. In such case, the extended time frame for payment should reflect the additional time needed in light of the specific circumstances in the relevant market(s).

Unless the Manager and the Trustee otherwise agree, redemption proceeds will only be paid to a bank account that bears the name of the redeeming Unitholder. If relevant account details are not provided, redemption proceeds will be paid to the redeeming Unitholder (or to all joint Unitholders in case of joint Unitholders) at the Unitholder's risk by cheque, usually in the base currency of the relevant Sub-Fund and sent to the redeeming Unitholder at the last known address held in the records of the Registrar.

Unless otherwise specified in the relevant Appendix relating to a Sub-Fund and subject to the agreement of the Trustee or the Manager, and to applicable limits on foreign exchange, redemption proceeds can be paid in a currency other than the base currency of a Unit at the request and expense of the Unitholder. In such circumstances, the Trustee or the Manager shall use such currency exchange rates as it may from time to time determine. None of the Manager, the Trustee or their respective agents or delegates will be liable to any Unitholder for any loss suffered by any person arising from the said currency conversion.

The Trust Deed also provides for payment of redemption proceeds in specie with the consent of the relevant Unitholder.

SWITCHING BETWEEN SUB-FUNDS

Unitholders have the right (subject to any suspension in the determination of the net asset value of any relevant Sub-Fund and such limitations as described in the Appendix for the relevant Sub-Fund or as the Manager after consulting with the Trustee may impose) to switch all or part of their Units of any class relating to a Sub-Fund into Units relating to another Sub-Fund by giving notice in writing to the Authorised Distributors. A request for switching will not be

effected if as a result the relevant holder would hold less than the minimum holding amount of Units of the relevant class prescribed by, or is prohibited from holding Units of that Sub-Fund under, the relevant Appendix. Unless the Manager otherwise agrees, Units of a class can only be switched into Units of the same class of another Sub-Fund.

Units shall not be switched during any period when the determination of the Net Asset Value of any relevant Sub-Fund is suspended.

Requests for switching received prior to the Dealing Deadline for a Dealing Day will be dealt with on that Dealing Day. Neither the Manager nor the Trustee shall be responsible to any Unitholder for any loss resulting from the non-receipt of a request for switching or any amendment to a request for switching prior to receipt. Notices to switch may not be withdrawn without the consent of the Manager.

The rate at which the whole or any part of a holding of Units relating to a Sub-Fund (the "**Existing Sub-Fund**") will be switched to Units relating to another Sub-Fund (the "**New Sub-Fund**") will be determined in accordance with the following formula:

$$N = \frac{(E \times R \times F)}{S + SF}$$

Where:

N is the number of Units of the relevant class of the New Sub-Fund to be issued.

E is the number of Units of the relevant class of the Existing Sub-Fund to be switched.

F is the currency conversion factor determined by the Manager for the relevant Dealing Day as representing the effective rate of exchange between the base currency of the relevant class of Units of the Existing Sub-Fund and the base currency of the relevant class of Units of the New Sub-Fund.

R is the Redemption Price per Unit of the relevant class of the Existing Sub-Fund applicable on the relevant Dealing Day less any Redemption Charge imposed by the Manager.

S is the Issue Price per Unit for the relevant class of the New Sub-Fund applicable on the Dealing Day of the New Sub-Fund or immediately following the relevant Dealing Day PROVIDED THAT where the issue of Units of the New Sub-Fund is subject to the satisfaction of any conditions precedent to such issue then S shall be the Issue Price per Unit of the relevant class of the New Sub-Fund applicable on the first Dealing Day for the New Sub-Fund falling on or after the satisfaction of such conditions.

SF is a switching charge per Unit (if any).

The Manager has a right to impose a switching charge of up to 5.25% of the Issue Price of the Units of the New Sub-Fund in relation to the switching of Units and the current rates are set out in the relevant Appendix.

Depending on the Valuation Point of the Sub-Fund and the time required to remit the switching money, the day on which investments are switched into the New Sub-Fund may be later than the day on which investments in the Existing Sub-Fund are switched out or the day on which the instruction to switch is given.

If there is, at any time during the period from the time as at which the Redemption Price per Unit of the Existing Sub-Fund is calculated and the time at which any necessary transfer of funds from the Existing Sub-Fund to the New Sub-Fund, a devaluation or depreciation of any currency in which any investment of the Existing Sub-Fund is denominated or normally traded, the Redemption Price per Unit of the Existing Sub-Fund shall be reduced as the Manager considers appropriate to take account of the effect of that devaluation or depreciation and the number of Units of the New Sub-Fund which will arise from that switching shall be recalculated as if that reduced Redemption Price had been the Redemption Price ruling for redemption of Units in the Existing Sub-Fund on the relevant Dealing Day.

If there is, at any time during the period from the time as at which the Redemption Price per Unit of the Existing Sub-Fund is calculated and the time at which any necessary transfer of funds from the Existing Sub-Fund to the New Sub-Fund, an appreciation of any currency in which any investment of the Existing Sub-Fund is denominated or normally traded, the Redemption Price per Unit of the Existing Sub-Fund shall be increased as the Manager considers appropriate to take account of the effect of that appreciation and the number of Units of the New Sub-Fund which will arise from that switching shall be recalculated as if that increased Redemption Price had been the Redemption Price ruling for redemption of Units in the Existing Sub-Fund on the relevant Dealing Day.

Restrictions on redemption and switching

The Manager may suspend the redemption or switching of Units or delay the payment of redemption proceeds during any periods in which the determination of the Net Asset Value of the relevant Sub-Fund is suspended (for details see “Suspension of Calculation of Net Asset Value” below).

Any Unitholder may at any time after such a suspension has been declared and before lifting of such suspension withdraw any request for the redemption of Units of such class by notice in writing to the Authorised Distributors.

With a view to protecting the interests of Unitholders, the Manager is entitled, with the approval of the Trustee, to limit the number of Units of any Sub-Fund redeemed on any Dealing Day (whether by sale to the Manager or by cancellation of Units) to 10% of the total number of Units of the relevant Sub-Fund in issue. In this event, the limitation will apply pro rata so that all Unitholders of the relevant Sub-Fund who have validly requested to redeem Units of the same Sub-Fund on that Dealing Day will redeem the same proportion of such Units of that Sub-Fund provided that any holdings so requested to be redeemed being in aggregate of not more than 1% of the total number of Units of any Sub-Fund in issue may be redeemed in full if in the opinion of the Manager with the Trustee’s approval the application of such limitation would be unduly onerous or unfair to the Unitholder or Unitholders concerned. Any Units not redeemed (but which would otherwise have been redeemed) will be carried forward for redemption, subject to the same limitation, and will have priority on the next succeeding Dealing Day and all following Dealing Days (in relation to which the Manager has the same power) until the original request has been satisfied in full. If requests for redemption are so carried forward, the Manager will inform the Unitholders concerned within 7 days of such Dealing Day.

The Manager does not authorise practices connected to market timing and it reserves the right to reject any applications for subscriptions or switching of Units from a Unitholder which it suspects to use such practices and take, the case be, the necessary measures to protect the Unitholders of the Sub-Funds.

Market timing is to be understood as an arbitrage method through which a Unitholder systematically subscribes, redeems or switches Units within a short time period, by taking advantage of time differences and/or imperfections or deficiencies in the method of determination of the Net Asset Value of the concerned Sub-Funds.

VALUATION

The value of the net assets of each Sub-Fund will be determined as at each Valuation Point in accordance with the Trust Deed. The Trust Deed provides (inter alia) that:-

- (a) except in the case of any interest in a collective investment scheme to which paragraph (b) applies or a commodity, and subject as provided in paragraph (f) below, all calculations based on the value of investments quoted, listed or dealt in on any stock exchange, over-the-counter market or securities market (“**Securities Market**”) shall be made by reference to the last traded price on the principal Securities Market for such investments, at or immediately preceding the Valuation Point, provided that if the Manager in its discretion considers that the prices ruling on a Securities Market other than the principal Securities Market provide in all the circumstances a fairer criterion of value in relation to any such investment, it may adopt such prices; and in determining such prices the Manager and the Trustee shall be entitled to use and rely on without verification electronic price feeds from such source or sources as they may from time to time determine notwithstanding the prices used are not the last traded prices;
- (b) subject as provided in paragraphs (c) and (f) below, the value of each interest in any collective investment scheme shall be the net asset value per unit or share as at the same day, or if such collective investment scheme is not valued as at the same day, the last published net asset value per unit or share in such collective investment scheme (where available) or (if the same is not available) the last published redemption or bid price for such Unit or share at or immediately preceding the Valuation Point;
- (c) if no net asset value, bid and offer prices or price quotations are available as provided in paragraph (b) above, the value of the relevant investment shall be determined from time to time in such manner as the Manager shall determine with the approval of the Trustee;
- (d) the value of any investment which is not quoted, listed or normally dealt in on a market shall be the initial value thereof equal to the amount expended out of the Sub-Fund in the acquisition of such investment (including in each case the amount of stamp duties, commissions and other acquisition expenses) provided that the Manager may with the approval of the Trustee and shall at the request of the Trustee cause a revaluation to be made by a professional person approved by the Trustee as qualified to value such investment;

- (e) cash, deposits and similar investments shall be valued at their face value (together with accrued interest) unless, in the opinion of the Manager, any adjustment should be made to reflect the value thereof;
- (f) notwithstanding the foregoing, the Manager may with the consent of the Trustee adjust the value of any investment or permit some other method of valuation to be used if, having regard to relevant circumstances, the Manager considers that such adjustment or use of such other method is required to reflect the fair value of the investment; and
- (g) the value (whether of a borrowing or other liability, an investment or cash) otherwise than in the base currency of a Sub-Fund shall be converted into the base currency at the rate (whether official or otherwise) which the Manager or the Trustee shall deem appropriate in the circumstances having regard to any premium or discount which may be relevant and to costs of exchange.

Suspension of Calculation of Net Asset Value

The Manager may, after giving notice to the Trustee, declare a suspension of the determination of the Net Asset Value of a Sub-Fund for the whole or any part of any period during which:

- (a) there is a closure of or the restriction or suspension of trading on any commodities market or securities market on which a substantial part of the investments of the relevant Sub-Fund is normally traded or a breakdown in any of the means normally employed by the Manager or the Trustee (as the case may be) in ascertaining the prices of investments or the Net Asset Value of the relevant Sub-Fund or the Issue Price or Redemption Price per Unit; or
- (b) for any other reason the prices of investments held or contracted for by the Manager for the account of that Sub-Fund cannot, in the opinion of the Manager, reasonably, promptly or fairly be ascertained; or
- (c) circumstances exist as a result of which, in the opinion of the Manager, it is not reasonably practicable to realise any investments held or contracted for the account of that Sub-Fund or it is not possible to do so without seriously prejudicing the interests of Unitholders of the relevant class; or

- (d) the remittance or repatriation of funds which will or may be involved in the realisation of, or in the payment for, the investments of that Sub-Fund or the issue or redemption of Units of the relevant class in the Sub-Fund is delayed or cannot, in the opinion of the Manager, be carried out promptly at normal rates of exchange; or
- (e) when a breakdown in the systems and/or means of communication usually employed in ascertaining the value of any of the investments or other assets of that Sub-Fund or the Net Asset Value of that Sub-Fund or the Issue Price or Redemption Price per Unit takes place or when for any other reason the value of any of the investments or other assets of that Sub-Fund or the Net Asset Value of that Sub-Fund or the Issue Price or Redemption Price per Unit cannot in the opinion of the Manager reasonably or fairly be ascertained or cannot be ascertained in a prompt or accurate manner; or
- (f) when, in the opinion of the Manager, such suspension is required by law or applicable legal process; or
- (g) where that Sub-Fund is invested in one or more collective investment schemes and the realisation of interests in any relevant collective investment scheme(s) (representing a substantial portion of the assets of the Sub-Fund) is suspended or restricted; or
- (h) when the business operations of the Manager, the Trustee or any of their delegates in relation to the operations of that Sub-Fund are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riot, strikes or acts of God; or
- (i) when the Unitholders or the Manager have resolved or given notice to terminate that Sub-Fund.

Such suspension shall take effect forthwith upon the declaration thereof and thereafter there shall be no determination of the Net Asset Value of the relevant Sub-Fund until the Manager shall declare the suspension at an end, except that the suspension shall terminate in any event on the day following the first Business Day on which (i) the condition giving rise to the suspension shall have ceased to exist and (ii) no other condition under which suspension is authorised shall exist.

Whenever the Manager declares such a suspension it shall, as soon as may be practicable after any such declaration and at least once a month during the period of such suspension, publish a notice in the Hong Kong Standard and the Hong Kong Economic Times.

No Units in the relevant Sub-Fund may be issued, redeemed or switched during such a period of suspension.

INVESTMENT AND BORROWING RESTRICTIONS

The Trust Deed sets out restrictions and prohibitions on the acquisition of certain investments by the Manager. Unless otherwise disclosed in the Appendix for each Sub-Fund, each of the Sub-Fund(s) is subject to the following principal investment restrictions:-

- (a) not more than 10% of the Net Asset Value of a Sub-Fund may consist of securities (other than Government and other public securities) issued by a single issuer;
- (b) a Sub-Fund may not hold more than 10% (when aggregated with the holdings of all the other Sub-Funds) of any ordinary shares issued by any single issuer;
- (c) not more than 15% of the Net Asset Value of a Sub-Fund may consist of securities not listed, quoted or dealt in on a stock exchange, over-the-counter market or other organised securities market;
- (d) not more than 15% of the Net Asset Value of a Sub-Fund may consist of warrants and options in terms of total amount of premium paid, other than warrants and options held for hedging purposes;
- (e) (i) not more than 10% of the Net Asset Value of a Sub-Fund may consist of shares or units in other open-ended unit trusts or mutual funds (“**managed funds**”) which are non-recognised jurisdiction schemes (as defined under the Code on Unit Trusts and Mutual Funds, or the “**Code**”) and not authorised by the SFC ; (ii) not more than 30% of the Net Asset Value of a Sub-Fund may consist of shares or units in a managed fund which is a recognised jurisdiction scheme (as defined under the Code) or an SFC- authorised scheme; provided that
 - (1) no investment may be made in a managed fund the investment objective of which is to invest primarily in any investment prohibited under this section;

- (2) where the investment objective of such managed fund is to invest primarily in investments restricted under this section, such holdings may not be in contravention of the relevant limitation;
 - (3) all initial charges on the managed fund must be waived if the managed fund is managed by the Manager or any of its connected persons; and
 - (4) the Manager may not obtain a rebate on any fees or charges levied by such managed fund or its manager.
- (f) not more than 20% of the Net Asset Value of a Sub-Fund may consist of physical commodities (including gold, silver, platinum or other bullion) and commodity based investments (other than shares in companies engaged in producing, processing or trading in commodities);
 - (g) the net aggregate value of futures contract prices, whether payable to or by a Sub-Fund (other than futures contracts entered into for hedging purposes), together with the aggregate value of investments falling within paragraph (f) above held by that Sub-Fund, may not exceed 20% of the Net Asset Value of that Sub-Fund;
 - (h) not more than 30% of the Net Asset Value of a Sub-Fund may consist of Government and other public securities of the same issue; and
 - (i) subject to paragraph (h) above, a Sub-Fund may be fully invested in Government and other public securities issued by a single issuer provided that it holds Government and other public securities of at least six different issues.

For the purpose of this section, “Government and other public securities” means any investment issued by, or the payment of principal and interest on, which is guaranteed by the government of any member state of the Organisation for Economic Co-operation and Development (“OECD”) or any fixed interest investment issued in any OECD country by a public or local authority or nationalised industry of any OECD country or anywhere in the world by any other body which is, in the opinion of the Trustee, of similar standing.

The Manager shall not on behalf of any Sub-Fund(s):-

- (i) invest in a security of any class in any company or body if directors and officers of the Manager individually own more than 0.5% of the total nominal amount of all the issued securities of that class or collectively own more than 5% of those securities;
- (ii) invest in any type of real estate (including buildings) or interests in real estate (including options or rights, but excluding shares in real estate companies or interests in REITs);
- (iii) make short sales if as a consequence the liability of such Sub-Fund to deliver securities would exceed 10% of the Net Asset Value of such Sub-Fund (and for this purpose securities sold short must be actively traded on a market where short selling is permitted);
- (iv) write uncovered options;
- (v) write a call option if the aggregate of the exercise prices of all call options written on behalf of the relevant Sub-Fund would exceed 25% of the Net Asset Value of that Sub-Fund;
- (vi) make a loan out of that Sub-Fund without the prior written consent of the Trustee except to the extent that the acquisition of an investment or the making of a deposit might constitute a loan;
- (vii) assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person without the prior written consent of the Trustee;
- (viii) enter into any obligation on behalf of a Sub-Fund or acquire any asset for the account of that Sub-Fund which involves the assumption of any liability which is unlimited; or
- (ix) apply any part of a Sub-Fund in the acquisition of any investments which are for the time being nil paid or partly paid in respect of which a call is due to be made unless such call could be met in full out of cash or near cash forming part of such Sub-Fund, the amount of which has not already been taken into account for the purposes of paragraph (v) above; or

- (x) Without the consent of the Trustee apply any part of the relevant Sub-Fund in the acquisition of any other investment which is in the opinion of the Trustee likely to involve the Trustee in any liability (contingent or otherwise).

Unless otherwise disclosed below or in the relevant Appendix, the Manager may borrow up to 25% of the latest available Net Asset Value of a Sub-Fund to acquire investments, to redeem Units or to pay expenses relating to the relevant Sub-Fund. For this purpose, back-to-back loans do not count as borrowing. The assets of a Sub-Fund may be charged or pledged as security for any such borrowings.

If the investment and borrowing restrictions set out above are breached, the Manager shall as a priority objective take all steps necessary within a reasonable period of time to remedy the situation, having due regard to the interests of Unitholders.

The Manager may, on behalf of a Sub-Fund, enter into securities lending and repurchase transactions for up to 15% of the assets of the relevant Sub-Fund. Any incremental income generated from securities lending transactions will be credited to the account of the relevant Sub-Fund after deducting any fees charged by parties operating such transactions. Where securities lending and repurchase transactions are carried out through a connected person of the Manager or the Trustee, such person shall be entitled to retain a fee on a commercial basis, provided that all transactions shall be effected at arm's length and on best available terms and periodic disclosure is made in the Fund's annual reports. Each counterparty is expected to have a minimum credit rating of "A" assigned by Moody's Investor Services, Inc. or Standard & Poor's Corporation or other recognized rating agencies, or deemed to have an implied rating of "A" or above; alternatively, an unrated counterparty will be acceptable where the relevant Sub-Fund is indemnified against losses caused by such counterparty, by an entity which has a minimum credit rating of "A". The Manager will take collateral and will review the value of such collateral periodically to ensure that its value is greater than or equal to the value of the securities involved in such transactions. Collateral may include cash, treasury, high grade rating bonds or equivalent accepted by the Manager.

RISK FACTORS

Investors should consider the following risks and any additional risk(s) relating to any specific Sub-Fund, contained in the relevant Appendix, before investing in any of the Sub-Funds. Investors should note that the decision whether or not to invest remains with them. If investors

have any doubt as to whether or not a Sub-Fund is suitable for them, they should obtain independent professional advice.

Each Sub-Fund is subject to market fluctuations and to the risks inherent in all investments. The price of Units of any Sub-Fund and the income from them may go down as well as up.

- (i) **Market risk** - The value of investments and the income derived from such investments may fall as well as rise and investors may not recoup the original amount invested in the Sub-Funds. In particular, the value of investments may be affected by uncertainties such as international, political and economic developments or changes in government policies. In falling equity markets there may be increased volatility. Market prices in such circumstances may defy rational analysis or expectation for prolonged periods of time, and can be influenced by movements of large funds as a result of short-term factors, counter-speculative measures or other reasons.
- (ii) **China market risk** - Investing in the China market is subject to the risks of investing in emerging markets generally and the risks specific to the China market.

Since 1978, the PRC government has implemented economic reform measures which emphasise decentralisation and the utilisation of market forces in the development of the Chinese economy, moving from the previous planned economy system. However, many of the economic measures are experimental or unprecedented and may be subject to adjustment and modification. Any significant change in PRC's political, social or economic policies may have a negative impact on investments in the China market.

The regulatory and legal framework for capital markets and joint stock companies in the PRC may not be as well developed as those of developed countries. Chinese accounting standards and practices may deviate significantly from international accounting standards. The settlement and clearing systems of the Chinese securities markets may not be well tested and may be subject to increased risks of error or inefficiency.

Investments in equity interests of Chinese companies may be made through China A-Shares, B-Shares and H-Shares. Investment in RMB denominated bonds may be made in or outside the PRC. As the number of these securities and their combined total market value are relatively small compared to more developed markets, investments in these securities may be subject to increased price volatility and lower liquidity.

The Chinese government's control of currency conversion and movements in the Renminbi exchange rates may adversely affect the operations and financial results of companies in the PRC. Insofar as a Sub-Fund's assets are invested in the PRC, it will be subject to the risk of the PRC government's imposition of restrictions on the repatriation of funds or other assets out of the country, limiting the ability of the Sub-Fund to satisfy payments to investors.

Investors should also be aware that changes in the PRC taxation legislation could affect the amount of income which may be derived, and the amount of capital returned, from the investments of the relevant Sub-Fund. Laws governing taxation will continue to change and may contain conflicts and ambiguities.

- (iii) ***The Renminbi currency risk*** - Starting from 2005, the exchange rate of the Renminbi is no longer pegged to the US dollar. The Renminbi has now moved to a managed floating exchange rate based on market supply and demand with reference to a basket of foreign currencies. The daily trading price of the Renminbi against other major currencies in the inter-bank foreign exchange market would be allowed to float within a narrow band around the central parity published by the People's Bank of China. As the exchange rates are based primarily on market forces, the exchange rates for Renminbi against other currencies, including US dollars and Hong Kong dollars, are susceptible to movements based on external factors. It should be noted that the Renminbi is currently not a freely convertible currency as it is subject to foreign exchange control policies of the Chinese government. The possibility that the appreciation of Renminbi will be accelerated cannot be excluded. On the other hand, there can be no assurance that the Renminbi will not be subject to devaluation. Any devaluation of the Renminbi could adversely affect the value of investors' investments in the relevant Sub-Fund. Investors whose base currency is not the Renminbi may be adversely affected by changes in the exchange rates of the Renminbi. Further, the PRC government's imposition of restrictions on the repatriation of Renminbi out of China may limit the depth of the Renminbi market in Hong Kong and reduce the liquidity of the relevant Sub-Fund. The Chinese government's policies on exchange control and repatriation restrictions are subject to change, and the Sub-Fund's or the investors' position may be adversely affected.
- (iv) ***Emerging markets risk*** - Various countries in which a Sub-Fund may invest are considered as emerging markets. Investments in emerging markets will be sensitive to

any change in political, social or economic development in the region. Many emerging countries have historically been subject to political instability which may affect the value of securities in emerging markets to a significant extent. As emerging markets tend to be more volatile than developed markets, any holdings in emerging markets are exposed to higher levels of market risk. The securities markets of some of the emerging countries in which a Sub-Fund's assets may be invested are not yet fully developed which may, in some circumstances, lead to a potential lack of liquidity. The securities markets of developing countries are not as large as the more established securities markets and have a substantially lower trading volume. Investment in such markets will be subject to risks such as market suspension, restrictions on foreign investment and control on repatriation of capital. There are also possibilities of nationalisation, expropriation or confiscatory taxation, foreign exchange control, political changes, government regulation, social instability or diplomatic developments which could affect adversely the economies of emerging markets or the value of the Sub-Funds' investments.

Accounting, auditing and financial reporting standards, practices and disclosure requirements applicable to some countries in which a Sub-Fund may invest may differ from those applicable in developed countries, for example, less information is available to investors and such information may be out of date.

- (v) ***Currency risk*** - Certain Sub-Funds may be invested in part in assets quoted in currencies other than its base currency. The performance of such Sub-Funds will therefore be affected by movements in the exchange rate between the currencies in which the assets are held and the base currency of the Sub-Funds. Since the Manager aims to maximise returns for such Sub-Funds in terms of their base currency, investors in these Sub-Funds may be exposed to additional currency risk.
- (vi) ***Interest rate risk***- Changes in interest rates may affect the value of a security as well as the financial markets in general. Debt instruments (such as bonds) are more susceptible to fluctuation in interest rates and may fall in value if interest rates change. Generally, the prices of debt instruments rise when interest rates fall, whilst their prices fall when interest rates rise. Longer term debt instruments are usually more sensitive to interest rate changes.
- (vii) ***Credit rating downgrading risk*** - Investment grade securities may be subject to the risk of being downgraded to below investment grade securities. In the event of downgrading

in the credit ratings of a security or an issuer relating to a security, a Sub-Fund's investment value in such security may be adversely affected. The Manager may or may not dispose of the securities, subject to the investment objectives of the relevant Sub-Fund. In the event of investment grade securities being downgraded to below investment grade securities, the Sub-Fund will also be subject to the below investment grade securities risk outlined in the following paragraph.

- (viii) ***Below investment grade and non-rated securities risk*** - A Sub-Fund may invest in securities which are below investment grade or which are non-rated. Investors should note that such securities would generally be considered to have a higher credit risk and a greater possibility of default than more highly rated securities. If the issuer of securities defaults, or such securities cannot be realised, or perform badly, investors may suffer substantial losses. The market for these securities may be less active, making it more difficult to sell the securities. Valuation of these securities is more difficult and thus the relevant Sub-Fund's prices may be more volatile.

In particular, the value of lower-rated or unrated corporate bonds is affected by investors' perceptions. When economic conditions appear to be deteriorating, lower rated or unrated corporate bonds may decline in market value due to investors' heightened concerns and perceptions over credit quality.

- (ix) ***Credit risk*** - An issuer suffering an adverse change in its financial condition could lower the credit quality of a security, leading to greater price volatility of the security. A lowering of the credit rating of a security or its issuer may also affect the security's liquidity, making it more difficult to sell. A Sub-Fund's investment is also subject to the risk that issuers may not make payments on the securities they issue.
- (x) ***Over-the-counter markets risk*** - Over-the-counter (OTC) markets are subject to less governmental regulation and supervision of transactions (in which many different kinds of financial derivative instruments and structured products are generally traded) than organised exchanges. In addition, many of the protections afforded to participants on some organised exchanges, such as the performance guarantee of an exchange clearing house, may not be available in connection with transactions carried out on OTC markets. Therefore, a Sub-Fund entering into transactions on OTC markets will be subject to the risk that its direct counterparty will not perform its obligations under the transactions and that a Sub-Fund will sustain losses.

In addition, certain instruments traded on the OTC markets (such as customised financial derivatives and structured products) can be illiquid. The market for relatively illiquid investments tends to be more volatile than the market for more liquid investments.

- (xi) ***Concentration risk*** - Certain Sub-Funds may invest only in a specific country/region/sector. Each Sub-Fund's portfolio may not be well diversified in terms of the number of holdings, investors should also be aware that such Sub-Funds are likely to be more volatile than a broad-based fund, such as a global or regional equity fund, as they are more susceptible to fluctuations in value resulting from limited number of holdings or from adverse conditions in their respective countries.
- (xii) ***Hedging risk*** - The Manager is permitted, but not obliged, to use hedging techniques to attempt to offset market risks. There is no guarantee that the desired hedging instruments will be available or hedging techniques will achieve their desired result.
- (xiii) ***Liquidity risk*** - Some of the markets in which a Sub-Fund invests may be less liquid and more volatile than the world's leading stock markets and this may result in the fluctuation in the price of securities traded on such markets. Certain securities may be difficult or impossible to sell, and this would affect the Sub-Fund's ability to acquire or dispose of such securities at their intrinsic value.
- (xiv) ***Derivative and structured product risk*** - The Sub-Funds may invest in derivatives such as options, futures and convertible securities, and in depositary receipts, participation rights and potentially through other instruments which are linked to the performance of securities or indices such as participation notes, equity swaps and equity linked notes, which are sometimes referred to as "structured products". Investment in these instruments can be illiquid, if there is no active market in these instruments. Such instruments are complex in nature. Therefore there are risks of mispricing or improper valuation and possibilities that these instruments do not always perfectly track the value of the securities, rates or indices they are designed to track. Improper valuations can result in increased payments to counterparties or a loss in the value of the relevant Sub-Funds. The instruments will also be subject to insolvency or default risk of the issuers or counterparties. In addition, investment through structured products may lead to a dilution of performance of such Sub-Funds when compared to a fund investing directly in similar assets. Besides, many derivative and structured products involve an embedded leverage. This is because such instruments provide significantly larger

market exposure than the money paid or deposited when the transaction is entered into, so a relatively small adverse market movement could expose the relevant Sub-Funds to the possibility of a loss exceeding the original amount invested.

- (xv) ***Restricted markets risk*** - The Sub-Funds may invest in securities in jurisdictions (including China) which impose limitations or restrictions on foreign ownership or holdings. In such circumstances, the Sub-Funds may be required to make investments in the relevant markets directly or indirectly. In either case, legal and regulatory restrictions or limitations may have adverse effect on the liquidity and performance of such investments due to factors such as limitations on fund repatriation, dealing restrictions, adverse tax treatments, higher commission costs, regulatory reporting requirements and reliance on services of local custodians and service providers.
- (xvi) ***PRC tax considerations*** – By investing in Renminbi denominated debt instruments issued by tax residents in the PRC, a Sub-Fund may be subject to withholding and other taxes imposed in the PRC.

Corporate Income Tax:

Interests

Interests derived from government bonds are exempt from PRC income tax under the Corporate Income Tax (“CIT”) Law.

Unless a specific exemption is applicable, for recipients that are treated as non-residents in PRC under the CIT Law, an income withholding tax is levied on the payment of interests on debt instruments issued by PRC tax residents, including bonds issued by enterprises established within mainland China. The general withholding income tax rate applicable is 10%.

Under the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (the “Arrangement”), if a Hong Kong tax resident derives interest income from the PRC, the withholding income tax rate can be reduced to 7% provided that the relevant Hong Kong tax residents is the beneficial owner of the interest income under the Arrangement. However, there are still uncertainties as to how the PRC tax authorities will assess the beneficial ownership

issue for investment fund cases, it is uncertain whether the Sub-Fund can obtain approval from the tax authorities for this preferential rate. If the relevant approval is not obtained, the general rate of 10% will be applicable to the relevant Sub-Fund.

Dividends

Dividends derived by a non-resident recipient from PRC tax residents are subject to PRC withholding income tax and the general withholding income tax rate applicable is 10%.

Capital gains

For tax residents in Hong Kong that have no permanent establishment in the PRC, capital gains arising from the disposal of Renminbi denominated corporate, government and non-government bonds, pursuant to the Arrangements may only be taxed in Hong Kong as trading income under the laws of Hong Kong. Notwithstanding the aforesaid, as stated in the Taxation section headed “Hong Kong” below, the Fund and the Sub-Funds are not expected to be subject to Hong Kong tax as funds authorised by the SFC pursuant to section 104 of the SFO are exempted from Hong Kong Profits Tax. The Manager will seek to ensure that the Sub-Funds can benefit from the Arrangement.

For tax residents in Hong Kong that have no permanent establishment in the PRC, capital gains arising from the disposal of shares of PRC enterprises will not be subject to capital gains tax in the PRC provided that the Hong Kong resident holds less than 25% of the entire shareholding of the PRC enterprise.

Business Tax:

Interests derived from Renminbi denominated corporate and non-government bonds issued by PRC tax residents may be subject to business tax at a rate of 5% in China, unless there is an applicable exemption.

Where there is Business Tax payable, City Construction Tax and Education Surcharge of up to 10% of the Business Tax payable would be imposed starting from 1 December 2010. In addition, Local Education Surcharge of 2% of the Business Tax payable would also be imposed although the effective date for imposing Local Education Surcharge is not yet determined but it could be as early as January 2011.

Stamp duty:

Stamp duty under the PRC laws generally applies to the execution and receipt of all taxable documents listed in the PRC's Provisional Rules on Stamp Duty. Stamp duty is levied on the execution or receipt in China of certain documents, including contracts for the sale of China A- and B-Shares traded on the PRC stock exchanges. In the case of contracts for sale of China A- and B-Shares, such stamp duty is currently imposed on the seller but not on the purchaser, at the rate of 0.1%.

Tax Provision:

It is the intention of the Manager to operate the affairs of the Manager and the relevant Sub-Fund such that they are not tax resident enterprises and have no permanent establishment in the PRC for PRC corporate income tax purposes, although this cannot be guaranteed.

The Manager will decide whether tax provisions will be made in respect of a Sub-Fund for the above tax obligations based on independent tax advice obtained. Even if provisions are made, the amount of such provisions may not be sufficient to meet the actual tax liabilities. With the uncertainties under the applicable PRC tax laws and the possibility of such laws being changed and taxes being applied retrospectively, any provision for taxation made by the Manager may be excessive or inadequate to meet actual PRC tax liabilities on gains derived from investments held by the Sub-Fund. Consequently, investors may be advantaged or disadvantaged depending upon the final outcome of how such capital gains will be taxed, the level of provision and when they

subscribed and/or redeemed their Units in/from the relevant Sub-Fund. In case of any shortfall between the provisions and actual tax liabilities, which will be debited from the Sub-Fund's assets, the Sub-Fund's asset value will be adversely affected.

Various tax reform policies have been implemented by the PRC government in recent years, and existing tax laws and regulations may be revised or amended in the future. There is a possibility that the current tax laws, regulations and practice in the PRC will be changed with retrospective effect in the future and any such change may have an adverse effect on the asset value of the relevant Sub-Fund. Moreover, there is no assurance that tax incentives currently offered to foreign companies, if any, will not be abolished and the existing tax laws and regulations will not be revised or amended in the future. Any changes in tax policies may reduce the after-tax profits of the companies in the PRC which a Sub-Fund invests in, thereby reducing the income from, and/or value of the Units.

- (xvii) **Counterparty risk** - Counterparty risk involves the risk that a counterparty or third party will not fulfil its obligations to a Sub-Fund. A Sub-Fund may be exposed to the risk of a counterparty through investments such as bonds, futures and options. To the extent that a counterparty defaults on its obligations and a Sub-Fund is prevented from exercising its rights with respect to the investment in its portfolio, a Sub-Fund may experience a decline in the value and incur costs associated with its rights attached to the security.
- (xviii) **Risk of termination** - a Sub-Fund may be terminated in certain circumstances which are summarised under the section "Termination of the Fund or any Sub-Fund". In the event of the termination of a Sub-Fund, such Sub-Fund would have to distribute to the Unitholders their pro rata interest in the assets of the Sub-Fund. It is possible that at the time of such sale or distribution, certain investments held by the relevant Sub-Fund will be worth less than the initial cost of acquiring such investments, resulting in a loss to the Unitholders. Moreover, any organisational expenses (such as establishment costs) with regard to the relevant Sub-Fund that had not yet been fully amortised would be debited against the Sub-Fund's assets at that time.

In view of the above, investment in any Sub-Fund should be regarded as long term in nature. The Sub-Funds are, therefore, only suitable for investors who can afford the risks involved.

Investors should refer to the relevant Appendix for details of any additional risks specific to a Sub-Fund.

EXPENSES AND CHARGES

Management Fee

The Manager is entitled to receive a management fee accrued daily and payable monthly in arrears out of each Sub-Fund as a percentage of the Net Asset Value of each class of Unit in a Sub-Fund as at each Valuation Day at the rates set out in the Appendix.

The Manager may increase the rate of the management fee payable in respect of a Sub-Fund (up to the maximum rate of 2.5% per annum) on giving not less than one month's prior notice to the Unitholders.

The Manager shall pay the fees of any sub-investment manager and investment adviser to which it has appointed. Any such sub-investment managers and investment adviser will not receive any remuneration directly from any Sub-Fund.

Trustee Fee

The Trustee is entitled to a Trustee fee, payable out of the assets of each Sub-Fund is based on the Net Asset Value of the relevant Sub-Fund. The current rate of the Trustee fee currently payable to the Trustee in relation to a Sub-Fund is set out in the Appendix for the Sub-Fund. The maximum rate of the Trustee fee is 0.5% per annum. The Trustee's fee is accrued daily and is payable monthly in arrears.

The Trustee also acts as the Registrar of the Fund.

Unitholders shall be given not less than one month's prior notice should there be any increase of the Trustee Fee from the current level to a higher level up to the maximum level.

Custodian Fee

The Custodian is entitled to, among others, transaction charges at customary market rates and custody fees at different rates, largely depending on the investment instruments concerned as well as the markets where the Custodian is required to hold the Sub-Fund's assets. The

maximum current rate of the custody fees is set out in the Appendix for the relevant Sub-Fund. The Custodian's fees will be calculated monthly and will be paid monthly in arrears. The Custodian will also be entitled to reimbursement by the Sub-Fund for any out-of-pocket expenses incurred in the course of its duties.

Establishment Costs

The establishment costs of the Fund and the initial Sub-Fund (i.e. CCB International - RMB Fixed Income Fund) will be borne by the initial Sub-Fund. Such costs amount to approximately RMB900,000, and will be amortised over a period of five Accounting Periods (or such other period as determined by the Manager). Where subsequent Sub-Funds are established in the future, the Manager may determine that the unamortised establishment costs of the Fund or a part thereof may be re-allocated to such subsequent Sub-Funds.

The establishment costs and payments incurred in the establishment of subsequent Sub-Funds are to be borne by the Sub-Fund to which such costs and payments relate and amortised over a period of five Accounting Periods (or such other period as determined by the Manager).

General

Each Sub-Fund will bear the costs set out in the Trust Deed which are directly attributable to it. Where such costs are not directly attributable to a Sub-Fund, such costs will be allocated amongst the Sub-Funds in proportion to the respective Net Asset Value of all the Sub-Funds.

Each Sub-Fund will bear the cost of (a) all stamp and other duties, taxes, governmental charges, brokerages, commissions, exchange costs and commissions, bank charges, transfer fees and expenses, registration fees and expenses, transaction fees of the Trustee, custodian or sub-custodian and proxy fees and expenses, collection fees and expenses, insurance and security costs, and any other costs, charges or expenses payable in respect of the acquisition, holding and realisation of any investment or other property or any cash, deposit or loan (including the claiming or collection of income or other rights in respect thereof and including any fees or expenses charged or incurred by the Trustee or the Manager or any connected person in the event of the Trustee or the Manager or such connected person rendering services or effecting transactions giving rise to such fees or expenses), (b) the fees and expenses of the Auditors and the Registrar, (c) fees charged by the Trustee in connection with valuing the assets of the Sub-Fund or any part thereof, calculating the issue and redemption prices of Units of the Sub-Fund and preparing financial statements, (d) all legal charges incurred by the Manager or the Trustee in connection

with the Sub-Fund, (e) out-of-pocket expenses incurred by the Trustee wholly and exclusively in the performance of its duties, (f) the expenses of or incidental to the preparation of deeds supplemental to the Trust Deed, (g) the expenses of holding meetings of Unitholders and of giving notices to Unitholders, (h) the costs and expenses of obtaining and maintaining a listing for the Units of the Sub-Fund on any stock exchange or exchanges selected by the Manager and approved by the Trustee and/or in obtaining and maintaining any approval or authorisation of the Sub-Fund or in complying with any undertaking given, or agreement entered into in connection with, or any rules governing such listing, approval or authorisation, and (i) without prejudice to the generality of the foregoing, all costs incurred in publishing the issue and redemption prices of Units of the Sub-Fund, all costs of preparing, printing and distributing all statements, accounts and reports pursuant to the provisions of the Trust Deed (including the Auditors' fees and Trustee's fee), the expenses of preparing and printing any explanatory memorandum, and any other expenses, deemed by the Manager, after consulting the Trustee, to have been incurred in compliance with or in connection with any change in or introduction of any law or regulation or directive (whether or not having the force of law) of any governmental or other regulatory authority or with the provisions of any code relating to unit trusts.

For so long as the Fund and such Sub-Funds are authorised by the SFC, no advertising or promotional expenses shall be charged to the Sub-Funds so authorised.

Cash Rebates and Soft Commissions

Neither the Manager nor any of its connected persons will retain cash or other rebates from brokers or dealers in consideration of directing transactions for a Sub-Fund to such brokers or dealers, save that goods and services (soft commissions) may be retained if, such goods and services are of demonstrable benefit to the Unitholders, and the transaction execution is consistent with best execution standards and brokerage rates are not in excess of customary institutional full-service brokerage rates. Any such cash commission or rebates received from any such brokers or dealers shall be for the account of the relevant Sub-Fund. Details of any such commissions will be disclosed in the annual and semi-annual report and accounts of the relevant Sub-Fund.

The Manager and/or any of its connected person reserves the right to effect transactions by or through the agency of another person with whom the Manager and/or any of its connected person has an arrangement under which that party will from time to time provide to or procure for the Manager and/or any of its connected person goods, services or other benefits (such as research and advisory services, computer hardware associated with specialised software or

research services and performance measures) the nature of which is such that their provision can reasonably be expected to benefit the relevant Sub-Fund as a whole and may contribute to an improvement in the performance of the relevant Sub-Fund or of the Manager and/or any of its connected person in providing services to the relevant Sub-Fund and for which no direct payment is made but instead the Manager and/or any of its connected person undertakes to place business with that party. For the avoidance of doubt, such goods and services do not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employee salaries or direct money payments.

TAXATION

Each prospective Unitholder should inform himself of, and where appropriate take advice on, the taxes applicable to the acquisition, holding and redemption of Units by him under the laws of the places of his citizenship, residence and domicile.

Hong Kong

During such period as the Fund and any of its Sub-Funds are authorised by the SFC pursuant to section 104 of the SFO then, under present Hong Kong law and practice:-

- (a) The Fund and the Sub-Funds are not expected to be subject to Hong Kong tax in respect of any of its authorised activities.
- (b) No tax will be payable by Unitholders in Hong Kong in respect of dividends or other income distributions of any Sub-Fund so authorised or in respect of any capital gains arising on a sale, redemption or other disposal of Units of such Sub-Fund, except that Hong Kong profits tax may arise where such transactions form part of a trade, profession or business carried on in Hong Kong.

Units will be regarded as “Hong Kong stock” for the purposes of Hong Kong stamp duty. Sales or transfers of Units will be liable to Hong Kong ad valorem stamp duty at the rate of HK\$1.00 per HK\$1,000 or part thereof of the higher of the consideration for, or the value of, the Units payable by each of the transferor and the transferee (i.e. a total of HK\$2.00 per HK\$1,000 or part thereof). In addition, a fixed duty of HK\$5.00 is currently payable on any instrument of transfer of Units. No Hong Kong stamp duty is payable where the sale or transfer of the Unit is effected by extinguishing the Unit or the sale or transfer is to the Manager who

subsequently re-sells the Units within two months thereof.

China

Investors should also refer to the “PRC tax considerations” under the section headed “Risk Factors” to inform themselves of possible tax consequences under PRC laws.

REPORTS AND ACCOUNTS

The Fund's financial year end is on 31 December in each year, with the first financial year ending on 31 December 2011. Copies of the annual report and audited accounts (in English and Chinese) will be sent to Unitholders as soon as possible, and in any event within four months, after the end of the financial year. The Manager also procures unaudited semi-annual reports (in English and Chinese) to be forwarded to Unitholders within two months after 30 June in each year. The first interim report will be published for the six months ending 30 June 2011.

The Manager intends to adopt International Financial Reporting Standards in drawing up the annual accounts of the Fund. It should however be noted that in amortising the establishment costs of the Fund in accordance with the section headed “Establishment Costs”, possible deviation from such accounting standards may occur but the Manager does not expect this issue to be material under normal circumstances. The Manager may make necessary adjustments in the annual accounts in order to comply with International Financial Reporting Standards and to include a reconciliation note in the Fund's audited accounts.

The Manager may in future decide not to distribute printed financial reports but instead make available such reports to Unitholders (in printed and electronic forms). In that event, not less than one month's prior notice will be given to Unitholders. Unitholders will also be notified of the means of getting access to the financial reports as and when the financial reports are available and, in any event, printed copies of the financial reports will be available at the offices of the Manager upon Unitholders' request.

DISTRIBUTION OF DIVIDENDS

Unless otherwise described in the relevant Appendix, the Manager does not intend to make any distribution of dividends.

Distributions (if any) declared in respect of an interim accounting period or an Accounting Period, as described in the relevant Appendix, shall be distributed among the Unitholders of the relevant classes of Units rateably in accordance with the number of Units held by them on the record date in respect of such interim accounting period or Accounting Period, as the case may be. For the avoidance of doubt, only Unitholders whose names are entered on the register of Unitholders on such record date shall be entitled to the distribution declared in respect of the corresponding interim accounting period or Accounting Period, as the case may be.

Any payment of distributions will be made in the base currency of the relevant classes by direct transfer into the appropriate bank account or by cheque at the risk of the Unitholders (or in such other manner as may be agreed with the Manager and the Trustee). Any distribution which is not claimed for six years will be forfeited and become part of the assets of the relevant Sub-Fund.

VOTING RIGHTS

Meetings of Unitholders may be convened by the Manager or the Trustee, and the Unitholders of 10% or more in value of the Units in issue may require a meeting to be convened. Unitholders will be given not less than 21 days' notice of any meeting.

The quorum for all meetings is Unitholders present in person or by proxy representing 10% of the Units for the time being in issue except for the purpose of passing an extraordinary resolution. The quorum for passing an extraordinary resolution shall be Unitholders present in person or by proxy representing 25% or more of the Units in issue. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting should be adjourned for not less than 15 days. In the case of an adjourned meeting of which separate notice will be given, such Unitholders as are present in person or by proxy will form a quorum. On a show of hands, every individual Unitholder present in person or by representative has one vote; on a poll every Unitholder present in person, by proxy or by representative has one vote for every Unit of which he is the holder. In the case of joint Unitholders the senior of those who tenders a vote (in person or by proxy) will be accepted and seniority is determined by the order in which the names appear on the Register of Unitholders. A poll may be demanded by the Chairman or one or more Unitholders present in person or by proxy.

PUBLICATION OF PRICES

The Net Asset Value per Unit of each Sub-Fund at each Valuation Day will be published daily in Hong Kong in the Hong Kong Standard and in the Hong Kong Economic Times, unless otherwise specified in the relevant Appendix.

TRANSFER OF UNITS

Subject as provided below, Units may be transferred by an instrument in writing in common form signed and stamped by (or, in the case of a body corporate, signed on behalf of or sealed by) the transferor and the transferee. The transferor will be deemed to remain the holder of the Units transferred until the name of the transferee is entered in the register of Unitholders in respect of such Units.

Each instrument of transfer must relate to a single class of Units only. No Units may be transferred if, as a result, either the transferor or the transferee would hold Units having a value less than the minimum holding amount (if any) of the relevant class as set out in the relevant Appendix.

COMPULSORY REDEMPTION OR TRANSFER OF UNITS

The Manager or the Trustee may require a Unitholder to transfer the Unitholder's Units or may redeem such units in accordance with the Trust Deed if it shall come to the notice of the Manager or the Trustee that the Unitholder holds such Units (a) in breach of the law or requirements of any country, any governmental authority or any stock exchange on which such Units are listed or (b) in circumstances (whether directly or indirectly affecting such Unitholder and whether taken alone or in conjunction with any other persons, connected or not, or any other circumstances appearing to the Manager or the Trustee to be relevant) which, in the opinion of the Manager or the Trustee, might result in the Fund and/or any Sub-Fund in relation to such class of Units incurring any liability to taxation or suffering any other pecuniary disadvantage which the Fund or the Sub-Fund might not otherwise have incurred or suffered.

TRUST DEED

The Fund was established under the laws of Hong Kong by a Trust Deed dated 29 December 2010 made between CCB International Asset Management Limited as Manager and BOCI-

Prudential Trustee Limited as Trustee.

The Trust Deed contains provisions for the indemnification of the parties and their exculpation from liability in certain circumstances. However, the Trustee and the Manager shall not be exempted from liability in respect of their negligence, default or breach of duty or trust, as provided in the Trust Deed. Unitholders and intending applicants are advised to consult the terms of the Trust Deed.

Copies of the Trust Deed (together with any supplemental deeds) may be obtained from the Manager on payment of a reasonable fee and may be inspected during normal working hours at the offices of the Manager free of charge.

TERMINATION OF THE FUND OR ANY SUB-FUND

The Fund shall continue for a period of 80 years from the date of the Trust Deed or until it is terminated in one of the ways set out below.

The Fund may be terminated by the Trustee on notice in writing, provided that the Trustee shall certify that in its opinion the proposed termination is in the interest of Unitholders,

- (a) if the Manager goes into liquidation or if a receiver is appointed over any of their assets and not discharged within 60 days; or
- (b) if in the reasonable opinion of the Trustee, the Manager is incapable of performing or fails to perform its duties satisfactorily or shall do any other thing which in the opinion of the Trustee is calculated to bring the Fund into disrepute or to be harmful to the interests of the Unitholders; or
- (c) if any law shall be passed which renders it illegal or in the reasonable opinion of the Trustee impracticable or inadvisable in consultation with the relevant regulatory agencies (the SFC in Hong Kong) to continue the Fund; or
- (d) within 30 days of the Manager leaving office, no new manager is appointed; or
- (e) no new trustee is appointed within six months of the Trustee giving notice of its desire to retire.

The Fund and/or any of the Sub-Fund or the class of Units of a Sub-Fund may be terminated by the Manager on notice in writing if:

- (a) on any date, in relation to the Fund, the aggregate Net Asset Value of all Units outstanding thereunder shall be less than RMB30 million or in relation to a Sub-Fund, the aggregate Net Asset Value of the Units of the relevant class outstanding thereunder shall be less than RMB30 million or such other amounts as disclosed in the relevant Appendix; or
- (b) in the opinion of the Manager, it is impracticable or inadvisable to continue a Sub-Fund and/or any class of Units of a Sub-Fund (as the case may be) (including without limitation, a situation where it is no longer economically viable to operate the Sub-Fund); or
- (c) any law shall be passed which renders it illegal or in the opinion of the Manager impracticable or inadvisable in consultation with the relevant regulatory agencies (the SFC in Hong Kong) to continue the Fund or a Sub-Fund.

In cases of termination on notice, no less than one month's notice will be given to Unitholders.

Further, a Sub-Fund or a class or classes of a Sub-Fund may be terminated by an extraordinary resolution of the Unitholders of the Sub-Fund or the Unitholders of the relevant class or classes (as the case may be) on such date as the extraordinary resolution may provide.

ANTI-MONEY LAUNDERING REGULATIONS

As part of the Manager's/Trustee's responsibility for the prevention of money laundering, the Manager/Trustee may require a detailed verification of an investor's identity and the source of payment of application moneys. Depending on the circumstances of each application, a detailed verification might not be required where:-

- (a) the applicant makes the payment from an account held in the applicant's name at a recognised financial institution; or
- (b) the application is made through a recognised intermediary.

These exceptions will only apply if the financial institution or intermediary referred to above is within a country recognised as having sufficient anti-money laundering regulations. The Manager and the Trustee nevertheless reserve the right to request such information as is necessary to verify the identity of an applicant and the source of payment. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Manager or the Trustee may refuse to accept the application and the subscription moneys relating thereto and refuse to pay any redemption proceeds if an applicant for Units delays in producing or fails to produce any information required for the purposes of verification of identity or source of fund.

CONFLICTS OF INTEREST

The Manager and the Trustee may from time to time act as trustee, administrator, registrar, manager, custodian, investment manager or investment adviser, representative or otherwise as may be required from time to time in relation to, or be otherwise involved in or with, other funds and clients which have similar investment objectives to those of any Sub-Fund. It is, therefore, possible that any of them may, in the course of business, have potential conflicts of interest with the Fund. Each will, at all times, have regard in such event to its obligations to the Fund and will endeavour to ensure that such conflicts are resolved fairly. In any event, the Manager shall ensure that all investment opportunities will be fairly allocated.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal working hours at the offices of the Manager free of charge and copies thereof may be obtained from the Manager upon payment of a reasonable fee:-

- (a) the Trust Deed, and any supplemental deeds;
- (b) all material contracts (if any, as may be specified in the relevant Appendix); and
- (c) the latest financial reports of the Fund.

APPENDIX I - CCB International - RMB Fixed Income Fund

This Appendix comprises information in relation to CCB International - RMB Fixed Income Fund, a Sub-Fund of the Fund (the “Sub-Fund”).

Initial Offer

Units of CCB International - RMB Fixed Income Fund will be available for subscription during the period commencing 9:00 a.m. (Hong Kong time) on 25 February 2011 to 4:00 p.m. (Hong Kong time) on 25 March 2011 (or such other dates as the Manager and the Trustee may determine). It is expected that the first Dealing Day will be 28 March 2011. If any such day is not a Business Day, the following Business Day will become the first Dealing Day.

The Manager may close the Sub-Fund to further subscriptions before the end of the initial offer period (i.e. 25 March 2011) without any prior or further notice if the total subscription amount reaches RMB5 billion.

The initial offer price per Unit is RMB100 (exclusive of preliminary charge). The Manager is entitled to charge a preliminary charge of up to 5.00% of the initial offer price.

Units will be issued in respect of applications received prior to 4:00 p.m. (Hong Kong time) on the last day of the initial offer period and accepted by the Manager. If applications are received after that time, such applications shall be carried forward to the next Dealing Day.

The Manager has set a minimum total subscriptions amounting to RMB30 million to be received during the initial offer period, failing which the Manager may either extend the initial offer period or decide that the Sub-Fund shall not be launched. If the Manager decides not to launch the Sub-Fund, application moneys paid by applicants will be returned without interest, within 7 Business Days of such decision, by cheque through the post, by telegraphic transfer to the bank account from which the moneys originated, at the risk and expense of the applicants or in such other manner determined by the Manager and the Trustee.

Application Moneys / Redemption Proceeds

Applicants for Units should note that application moneys for this Sub-Fund must be paid in RMB. Where Unitholders redeem their Units, redemption proceeds will be paid to the relevant Unitholders in RMB only.

Base Currency

The base currency of the Sub-Fund is RMB.

Investment Objective and Policy

The investment objective of the Sub-Fund is to achieve long-term capital return in RMB terms while maintaining a steady flow of income in RMB through investment primarily in a diversified portfolio of debt instruments denominated in RMB.

The Sub-Fund invests primarily in RMB denominated debt and convertible securities issued or distributed outside mainland China by government, quasi-government organizations, financial institutions, multinational organizations and other corporations.

The Sub-Fund may invest in investment grade debt and convertible securities (rated as Baa3 or above by Moody's Investor Services, Inc. or BBB- or above by Standard & Poor's Corporation or other recognized rating agencies) as well as below investment grade debt and convertible securities, and non-rated debt and convertible securities that meet the standards as determined by the Manager.

Convertible bonds can be converted into shares of the issuer(s), subject to the terms of the issue. Where convertible bonds in which the Sub-Fund invests are converted into shares of the issuer(s), the Sub-Fund may hold such shares up to one month.

The Sub-Fund may also invest in other RMB denominated deposits issued outside mainland China including but not limited to bank certificate of deposits, bank deposits, negotiated term deposits, commercial papers and short term bills and notes.

In this Appendix, "RMB Income Instruments" shall include RMB denominated fixed rate or floating rate debt and convertible securities and RMB denominated deposits (other than bank deposits). The issuers of RMB Income Instruments may or may not be established or incorporated in mainland China. Also in this Appendix, "substantial financial institution" shall have the same meaning as given to it under the Code.

In addition to the investment restrictions set out in the section headed "Investment and Borrowing Restrictions", the Sub-Fund will also comply with the following restrictions: the Sub-Fund's investments in RMB Income Instruments issued by an issuer together with any

bank deposits with such issuer will not in aggregate exceed 10% of its Net Asset Value, except: (a) where the issuer is a substantial financial institution and the total investments does not exceed 10% of the issuer's issued capital and published reserves, the limit may be increased to 25%; or (b) in respect of any deposit of less than US\$1 million or its equivalent in RMB, where the Sub-Fund cannot otherwise diversify as a result of its size.

When regulations in the mainland China allow the Sub-Fund to invest in RMB denominated fixed rate or floating rate debt instruments issued within mainland China, the Sub-Fund may in future make such investment. Not less than one month's prior notice will be given to investors if the Manager intends to make such investment.

The Sub-Fund will not invest in any structured deposits or products. The Manager currently does not intend to enter into any securities lending or share repurchase transactions in respect of the Sub-Fund. If the Manager intends to enter into such transactions, subject to the SFC's prior approval, Unitholders will be given one month's prior notice (or such shorter notice period as the SFC may agree).

The following is an indicative investment allocation of the Sub-Fund. Investors should note that the Manager may at any time adjust the allocation having regard to prevailing market conditions in future.

<i>Type of instrument</i>	<i>Indicative percentage (of Sub-Fund's value)</i>
Government securities and quasi-government organisation securities	Up to 80%
Debts issued by substantial financial institutions and corporate entities	Up to 70%

In the absence of available RMB Income Instruments, the Sub-Fund may invest a significant portion of its portfolio in RMB negotiated bank deposits with substantial financial institutions, subject to the Sub-Fund's diversification policy as mentioned above.

Investment Strategy

The Manager seeks to achieve investment returns through active management of the major risks associated with RMB Income Instruments: duration, term structure, sector allocation, product selection and credit rating where applicable.

- Duration strategy - The Sub-Fund will adjust the duration risk profile of the investment portfolio based on expectations of global and China's macroeconomic cycle, fiscal policy and monetary policy. For example, if RMB interest rate is expected to fall, the Sub-Fund will increase the average duration of the investment portfolio to better take advantage of the capital gain potential from lower yield, and vice versa.
- Term structure strategy - The Sub-Fund will adjust the allocation of short-term, medium-term and long-term securities based on the expected changes in the shape of the RMB yield curve term structure. The Sub-Fund may adopt, based on the expected changes in the shape of the RMB yield curve term structure, bullet-type (an investment strategy that involves purchasing a number of bonds and debt securities with similar maturity dates), barbell-type (an investment strategy that involves purchasing both short-term and long-term but not intermediate-term bonds and debt securities) or ladder-type (an investment strategy that involves allocating the portfolio evenly among bonds and debt securities that mature at regular intervals) strategy. The choices of strategy will be adjusted dynamically.
- Sector allocation strategy - The Sub-Fund will adjust the allocation of investment among government debts, quasi-government debts, private sector debts and debts that bear higher credit risk to seek better tax-adjusted and risk-adjusted returns among various investment instruments. The Sub-Fund will also adjust the allocation of investment among RMB Income Instruments issued by private sector issuers of different industry/sector background to seek better tax-adjusted and risk-adjusted returns
- Product selection strategy- Through extensive in-house research and research by external analysts on the fundamentals of different issuers, the Sub-Fund seeks to invest in issues that offer expected excess return with regard to credit ratings and fundamentals. The Sub-Fund, however, does not have explicit restrictions/requirements on the minimum credit ratings of the RMB Income Instruments it holds and may invest substantially in non-rated instruments.

- Credit rating strategy - The Manager will adjust the Sub-Fund's allocation of investment in debt and convertible securities issued by different issuers based on its expectation over the potential upgrading and downgrading of each issuer's credit rating (where applicable).

The Manager will construct the portfolio to take advantage of the expected change in the general level of RMB interest rates. The portfolio will consist of RMB Income Instruments of different maturities and credit quality and bank deposits, and each instrument in the portfolio will be selected based on extensive fundamental research and various pre-determined criteria / parameters.

The Manager may borrow up to 10% of the latest available Net Asset Value of the Sub-Fund to acquire investments, to redeem Units or to pay expenses relating to the Sub-Fund.

The Manager will use the above strategies in the investment of RMB Income Instruments available in the primary and secondary markets.

The Manager intends to receive subscription moneys and effect payments for redemption in Renminbi only. Further, investments of the Sub-Fund will be purchased and liquidated in Renminbi and accordingly there is no conversion into other currencies normally.

Specific Risk Factors

Investors should refer to the relevant risks under the section headed “**Risk Factors**” on page 26 in the main part of the Explanatory Memorandum, and the following specific risk factors for the Sub-Fund.

Investment risk - The Sub-Fund mainly invests in RMB Income Instruments and these instruments may fall in value. Investors may suffer losses as a result. The Sub-Fund is not principal guaranteed and the purchase of its Units is not the same as investing directly in RMB Income Instruments or placing RMB funds on deposit with a bank. There is also no guarantee of dividend or distribution payments during the period an investor holds Units in the Sub-Fund.

Renminbi currency risk – Renminbi is currently not a freely convertible currency as it is subject to foreign exchange control policies of and repatriation restrictions imposed by the Chinese government. If such policies change in future, the Sub-Fund's or the investors' position may be adversely affected.

Investors must subscribe for Units of the Sub-Fund and will receive redemption proceeds in RMB. There is no assurance that RMB will not be subject to devaluation, in which case the value of their investments will be adversely affected. If investors convert Hong Kong Dollar or any other currency into RMB so as to invest in the Sub-Fund and subsequently convert the RMB redemption proceeds back into Hong Kong Dollar or any other currency, they may suffer a loss if RMB depreciates against Hong Kong Dollar or such other currency.

Credit risk of issuers of counterparties – Investment in RMB Income Instruments is subject to the counterparty risk of the issuers which may be unable or unwilling to make timely payments on principal and/or interest. The financial market of mainland China is at an early stage of development, and most of the RMB Income Instruments that the Sub-Fund invests in are and will be unrated. In general, debt instruments that have a lower credit rating or that are unrated will be more susceptible to the credit risk of the issuers. In the event of a default or credit rating downgrading of the issuers of the RMB Income Instruments, the Sub-Fund's value will be adversely affected and investors may suffer a substantial loss as a result. The Sub-Fund may also encounter difficulties or delays in enforcing its rights against the issuers of RMB Income Instruments as such issuers may be incorporated outside Hong Kong and subject to foreign laws.

RMB Income Instruments and RMB denominated bank deposits are generally offered on an unsecured basis without collateral, and will rank equally with other unsecured debts of the relevant counterparty. As a result, if the counterparty becomes bankrupt, proceeds from the liquidation of the counterparty's assets will be paid to holders of RMB Income Instruments or RMB denominated bank deposits only after all secured claims have been satisfied in full. The Sub-Fund is therefore fully exposed to the credit/insolvency risk of its counterparties as an unsecured creditor.

Risk of limited pool of investments – The Sub-Fund's investment strategy is to invest primarily in RMB Income Instruments issued outside mainland China. However, the quantity of RMB Income Instruments issued or distributed outside mainland China that are available to the Sub-Fund is currently limited, and the remaining duration of such instruments may be short. In the absence of available RMB Income Instruments, or when such instruments held are at maturity, the Sub-Fund may have to allocate a significant portion of its portfolio in RMB negotiated term deposits with substantial financial institutions until suitable RMB Income Instruments are available in the market. This may adversely affect the Sub-Fund's return and performance.

Liquidity risk – RMB Income Instruments that are currently not listed on a stock exchange or a securities market where trading is conducted on a regular basis may be subject to additional

liquidity risk. There is no guarantee that market making arrangements will be in place to make a market and quote a price for all RMB Income Instruments. In the absence of an active secondary market, the Sub-Fund may need to hold the relevant RMB Income Instruments until their maturity date. If sizeable redemption requests are received, the Sub-Fund may need to liquidate its investments at a substantial discount in order to satisfy such requests and the Sub-Fund may suffer losses in trading such instruments. Even if a secondary market exists for any RMB Income Instruments, the price at which such instruments are traded on the secondary market may be higher or lower than the initial subscription price due to many factors including the prevailing interest rates.

Further, the bid and offer spread of the price of RMB Income Instruments may be high, and the Sub-Fund may therefore incur significant trading costs and may even suffer losses when selling such investments. The Manager seeks to control the liquidity risk of the investment portfolio by a series of internal management measures in order to meet Unitholders' redemption requests.

Other risks - Investment in the Sub-Fund is subject to interest rate risk and relevant PRC tax considerations. Investors should refer to the relevant risk factors in the main part of the Explanatory Memorandum.

Available Classes

Only Class A Units are available for sale to the retail public in Hong Kong.

Investment Minima

Minimum Subscription Amount	Class A: RMB10,000
Minimum Subsequent Subscription Amount	Class A: RMB10,000
Minimum Holding Amount	Class A: Units with aggregate minimum value of RMB10,000
Minimum Redemption Amount	Class A: Units with aggregate minimum value of RMB10,000

Fees

Fees payable by investors

Preliminary Charge (% of Issue Price)	Class A: up to 5.0%
Redemption Charge (% of Redemption Price)	Class A: nil
Switching Charge (% of Issue Price of the Sub-fund being switched into)	Not applicable (switching currently is not permitted)

Fees payable by the Sub-Fund

Management Fee (% Net Asset Value of the Sub-Fund)	Class A: 0.7% p.a.
Trustee Fee (% Net Asset Value of the Sub-Fund)	Class A: 0.175% p.a., subject to a minimum monthly fee of RMB40,000
Custody Fees (% Net Asset Value of the Sub-Fund)	Class A: up to 0.025% p.a.

Establishment Costs

The costs of establishment of the CCB International RMB Fund Series and the CCB International - RMB Fixed Income Fund (initial Sub-Fund) have been described in the main part of the Explanatory Memorandum.

Dealing Day

Every Business Day.

Dealing Deadline

4:00 p.m. (Hong Kong time) on the relevant Dealing Day. The Authorised Distributor(s) may impose an earlier cut-off time before the Dealing Deadline for receiving instructions for subscriptions, redemptions or switching. Investors should confirm the arrangements with the Authorised Distributor(s) concerned.

Subscription, Redemption and Switching of Units

For details regarding the procedures for subscription, redemption and switching, see the main part of the Explanatory Memorandum under “Purchase of Units”, “Redemption of Units” and “Switching between Sub-Funds”.

Switching of Units

Switching of Units in the CCB International - RMB Fixed Income Fund to or from Units of other Sub-Funds (if any) of CCB International RMB Fund Series is not permitted.

Distributions

The Manager has discretion as to whether or not to make any distribution of dividends, the frequency of distribution and amount of dividends. It is currently intended that distributions will be made on a semi-annual basis (i.e. June and December each year) in RMB. There is no guarantee of regular distribution and if distribution is made the amount being distributed. It is the current intention of the Manager that only the net income (the income net of expenses) of the Sub-Fund may be distributed. No distribution will be paid out of the Sub-Fund’s capital.

Valuation

The Valuation Day will be each Dealing Day and the Valuation Point is the close of business in the last relevant market to close on each Valuation Day, the first Valuation Day being the first Dealing Day following the initial offer period.