GRAND REJUVENATION ASSET ALLOCATION FUND SERIES

EXPLANATORY MEMORANDUM

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4 July 2025

IMPORTANT INFORMATION FOR INVESTORS

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

This Explanatory Memorandum comprises information relating to Grand Rejuvenation Asset Allocation Fund Series ("**Fund**") and its sub-funds ("**Sub-Funds**"). The Fund is an open-ended unit trust established as an umbrella unit trust under the laws of Hong Kong by a trust deed dated 28 November 2014 between ICBC (Asia) Trustee Company Limited ("**Trustee**") as trustee and CCB International Asset Management Limited ("**Manager**") as manager, as supplemented, amended and restated from time to time ("**Trust Deed**"). This Explanatory Memorandum shall supersede the previous Explanatory Memorandum in its entirety.

The Manager accepts full responsibility for the accuracy of the information contained in this Explanatory Memorandum and the Product Key Facts Statement of each Sub-Fund, 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 in this Explanatory Memorandum or the Product Key Facts Statement misleading. However, neither the delivery of this Explanatory Memorandum and the Product Key Facts Statement nor the offer or issue of Units shall under any circumstances constitute a representation that the information contained in this Explanatory Memorandum or the Product Key Facts Statement is correct as of any time subsequent to the date of publication. This Explanatory Memorandum and the Product Key Facts Statement may from time to time be updated.

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

Hong Kong Authorisation and Approval

The Fund and the Sub-Fund(s) have been authorised by the SFC pursuant to section 104 of the SFO. The SFC's authorisation is not a recommendation or endorsement of the Fund and the Sub-Fund(s) nor does it guarantee the commercial merits of the Fund and the Sub-Fund(s) or their performance. It does not mean the Fund or the Sub-Fund(s) is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

Selling restrictions

General: No action has been taken to permit an offering of Units of the Sub-Fund(s) or the distribution of this Explanatory Memorandum or the Product Key Facts Statement in any jurisdiction other than Hong Kong where action would be required for such purposes. Accordingly, this Explanatory Memorandum or the Product Key Facts Statement 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. Further, Units of the Sub-Fund(s) may not be offered or sold, directly or indirectly, to any persons for reoffering or resale, in any jurisdiction where such action is not authorised. Receipt of this Explanatory Memorandum or the Product Key Facts Statement does not constitute an offer of Units of the Sub-Fund(s) in those jurisdictions in which it is illegal to make such an offer.

United States: In particular, potential investors should note the following:-

(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 U.S. Person (as defined in Regulation S) under such Act; and

(b) the Fund and the Sub-Fund(s) have 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 or regions of their incorporation, citizenship, residence or domicile and which might be relevant to the subscription, holding or disposal of Units.

Some of the information in this Explanatory Memorandum is a summary of corresponding provisions in the Trust Deed. Investors should refer to the Trust Deed for further details. All Unitholders are entitled to the benefit of, are bound by and deemed to have notice of the provisions of the Trust Deed.

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 section headed "Specific Risk Factors" in the relevant Appendix, before making their investment decisions.

Please note that this Explanatory Memorandum must be read together with the relevant Appendix and/or Addendum to this Explanatory Memorandum which relate to a specific Sub- Fund of the Fund. The Appendix and/or Addendum set out the details relating to the Sub-Fund (which may include, without limitation, specific information on the Sub-Fund and additional terms, conditions and restrictions applicable to the Sub-Fund). The provisions of an Appendix and/or an Addendum supplement this Explanatory Memorandum.

Enquiries

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

- write to the Manager (address at 12/F., CCB Tower, 3 Connaught Road Central, Central, Hong Kong); or
- call the Manager at telephone number at +852 3911 8361.

The Manager will handle or channel to the relevant party any enquiries or complaints from investors and revert to the investors accordingly.

Further Information

Investors may access the website of the Manager at http://www.ccbintl.com.hk/ for further information on the Fund and the Sub-Fund(s), including this Explanatory Memorandum and the Product Key Facts Statement, circulars, notices, announcements, financial reports and latest Net Asset Value. This website has not been reviewed by the SFC.

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DIRECTORY OF PARTIES

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

Directors of the Manager
Li Lu
Lee Yat Chun
Zhang Lan

Trustee, Registrar and Transfer Agent
ICBC (Asia) Trustee Company Limited
33/F, ICBC Tower
3 Garden Road, Central
Hong Kong

Custodian
Industrial and Commercial Bank of China (Asia) Limited
33/F, ICBC Tower
3 Garden Road, Central Hong Kong

Auditors
Ernst & Young 22/F, CITIC Tower
1 Tim Mei Avenue
Central Hong Kong

DEFINITIONS

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

"Appendix"	the appendix containing specific information in relation to a Sub-Fund or a Class or Classes of Units in relation thereto which is enclosed with this Explanatory Memorandum and which forms part of this Explanatory Memorandum
"Accounting Date"	31 December in each year or such other date or dates in each year as the Manager may from time to time select in respect of any Sub-Fund and notify the Trustee and the Unitholders of such Sub-Fund.
"Accounting Period"	a period commencing on the date of establishment of the Fund or the relevant Sub-Fund (as the case may be) 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
"Amortisation Period"	in relation to the Fund and/or a Sub-Fund, such period as specified in the relevant Appendix over which establishment costs of the Fund and/or such Sub-Fund will be amortised
"Application Form"	the prescribed application form for the subscription of Units and for the avoidance of doubt, the Application Form does not form part of this Explanatory Memorandum
"Authorised Distributor"	any person appointed by the Manager to distribute Units of some or all of the Sub-Funds to potential investors
"Base Currency"	in relation to a Sub-Fund, means the currency of account of the Sub-Fund as specified in the relevant Appendix
"Business Day"	a day (other than a Saturday or Sunday) on which banks in Hong Kong are open for normal banking business or such other day or days in relation to a Sub-Fund as the Trustee and Manager may determine from time to time and as specified in the relevant Appendix
"Cancellation Fee"	cancellation fee of such reasonable amount as the Manager and the Trustee may from time to time determine to represent the administrative costs involved in processing the application for such Units being cancelled

"China" or "PRC"	the People's Republic of China excluding Hong Kong, Macau and Taiwan for purpose of this Explanatory Memorandum
"China A-Shares"	means shares issued by companies listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange, traded in Renminbi and available for investment by domestic (Chinese) investors, holders of the qualified foreign institutional investors (QFII) status, RMB Qualified Foreign Institutional Investor (RQFII) status and foreign strategic investors approved by the China Securities Regulatory Commission
"China B-Shares"	means shares issued by companies listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange, traded in foreign currencies and available for investment by domestic (Chinese) investors and foreign investors
"China H-Shares"	means shares issued by companies incorporated in the PRC and listed on The Stock Exchange of Hong Kong Limited
"Class"	means any class of Units in issue in relation to a Sub-Fund
"Class Currency"	in relation to a Class in a Sub-Fund, means the currency of account of such Class as specified in the relevant Appendix
"Code"	the Overarching Principles Section and Section II - Code on Unit Trusts and Mutual Funds of the SFC Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Structured Investment Products
"connected person"	has the meaning as set out in the Code which at the date of the Explanatory Memorandum, in relation to a company, means: (a) any person or company beneficially owning, directly or indirectly, 20% or more of the ordinary share capital of that company or able to exercise, directly or indirectly, 20% or more of the total votes in that company; or (b) any person or company 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 that company forms part; or

	(d) any director or officer of that company or of any of its connected persons as defined in (a), (b) or (c) above
"Conversion Form"	the prescribed conversion form for the conversion of Units and for the avoidance of doubt, the Conversion Form does not form part of this Explanatory Memorandum
"CSRC"	China Securities Regulatory Commission
"Custodian"	Industrial and Commercial Bank of China (Asia) Limited
"entities within the same group"	entities which are included in the same group for the purposes of consolidated financial statements prepared in accordance with internationally recognised accounting standards.
"Explanatory Memorandum"	this Explanatory Memorandum including the Appendices, as each may be amended, updated or supplemented from time to time
"FDI"	financial derivative instruments which derive their value from the value and characteristics of one or more underlying assets
"Fund"	Grand Rejuvenation Asset Allocation Fund Series
"Government and other public securities"	has the meaning as set out in the Code which at the date of the Explanatory Memorandum means any investment issued by, or the payment of principal and interest on, which is guaranteed by a government, or any fixed-interest investment issued by its public or local authorities or other multilateral agencies
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"HK$" or "HKD"	Hong Kong Dollars, the lawful currency of Hong Kong "HKFRS" Hong Kong Financial Reporting Standards
"Initial Offer Period"	in relation to a Sub-Fund or a Class or Classes of Units, means such period as the Manager may determine for the purpose of making an initial offer of Units of such Sub-Fund or such Class or Classes and as specified in the relevant Appendix (if applicable)
"Initial Offer Price"	the price per Unit during the Initial Offer Period as determined by the Manager and as specified in the relevant Appendix (if applicable)

"Investment Delegate"	the investment delegate appointed (if any) in respect of a Sub-Fund, the details of which as specified in the relevant Appendix
"IOP Deadline"	5.00 p.m. (Hong Kong time) on the last Business Day of the Initial Offer Period of a Sub-Fund or a particular Class of Units or such other time on such Business Day as specified in the relevant Appendix or such other day as the Manager and the Trustee may from time to time determine
"Issue Price"	the issue price of a Unit of a particular Class after the expiry of the Initial Offer Period calculated in accordance with the Trust Deed and as described below under "***Investing in the Fund - Issue Price***"
"Local Newspapers"	Hong Kong Economic Times and The Standard, or such other English language and Chinese language daily newspapers as the Manager may determine and notify the Unitholders in advance and this Explanatory Memorandum will be updated accordingly to reflect such change.
"Manager"	CCB International Asset Management Limited in its capacity as the manager of the Fund and its Sub-Funds or such other entity as may be appointed from time to time as the manager of the Fund and its Sub- Funds
"Minimum Initial Subscription Amount"	the minimum initial investment for Units in a Sub-Fund or a Class of Units and as specified in the relevant Appendix
"Minimum Holding Amount"	the minimum number or value of Units of any Sub-Fund or Class of Units which must be held by any Unitholder and as specified in the relevant Appendix
"Minimum Redemption Amount"	the minimum number or value of Units of any Sub-Fund or Class of Units to be redeemed by any Unitholder in respect of a partial redemption of Units and as specified in the relevant Appendix
"Minimum Subsequent Subscription Amount"	the minimum additional subscriptions for Units in a Sub-Fund or a Class of Units and as specified in the relevant Appendix
"Minimum Subscription Level"	the total minimum subscription amount, if applicable, to be received on or prior to the close of the Initial Offer Period and as specified in the relevant Appendix
"Net Asset Value"	in relation to a Sub-Fund means the net asset value of such Sub-Fund or, as the context may require, of a Unit of the Class or Classes relating to such Sub-Fund, calculated in accordance with the provisions of the Trust Deed and as summarised

	below under "***Valuation and Suspension - Calculation of Net Asset Value***"
"Payment Period"	such period as the Manager with the approval of the Trustee may determine within which payment for Units issued for cash after the Initial Offer Period for such Units is due, and as specified in the relevant Appendix
"PRC Securities"	means PRC shares (including China A-Shares, B-Shares and H-Shares), Renminbi denominated corporate and government bonds, securities investment fund and warrants listed on any stock exchanges (including but not limited to stock exchanges in the PRC, Hong Kong, Singapore, London and the United States)
"Redemption Charge"	the redemption charge (if any) payable upon redemption of Units and as specified in the relevant Appendix
"Redemption Day"	in relation to a Sub-Fund, or, as the context may require, of a particular Class relating to a Sub-Fund, such Business Day or such other day or days as the Manager and the Trustee may from time to time determine, either generally or in respect of a particular Class or Classes of Units, for effecting any requests for redemption of Units in that Sub-Fund or the relevant Class or Classes and as specified in the relevant Appendix
"Redemption Deadline"	in relation to a Redemption Day, such time as specified in the relevant Appendix by which a redemption request in respect of a Sub-Fund or a Class of Units must be received or such other time as the Manager and the Trustee may from time to time determine generally or in relation to any particular jurisdiction in which Units of that Sub-Fund or the relevant Class may from time to time be redeemed
"Redemption Form"	the prescribed redemption form for the redemption of Units and for the avoidance of doubt, the Redemption Form does not form part of this Explanatory Memorandum
"Redemption Price"	the price at which Units will be redeemed as determined in accordance with the Trust Deed and as described below under "***Redemption of Units - Redemption Price***"
"Registrar"	ICBC (Asia) Trustee Company Limited
"reverse repurchase transactions"	transactions whereby a Sub-Fund purchases Securities from a counterparty of sale and

	repurchase transactions and agrees to sell such Securities back at an agreed price in the future
"**RMB" or "Renminbi**"	renminbi, the lawful currency of the PRC
"RQFII"	RMB qualified foreign institutional investors approved pursuant to the relevant PRC regulations (as amended from time to time)
"RQFII Custodian"	Industrial and Commercial Bank of China Limited
"sale and repurchase transactions"	transactions whereby a Sub-Fund sells its Securities to a counterparty of reverse repurchase transactions and agrees to buy such Securities back at an agreed price with a financing cost in the future
"securities lending transactions"	transactions whereby a Sub-Fund lends its Securities to a security-borrowing counterparty for an agreed fee
"Securities Market"	any stock exchange, over-the-counter market or other organised securities market that is open to the international public and on which such securities are regularly traded
"Semi-Annual Accounting Date"	30 June in each year or such other date or dates in each year as the Manager may from time to time select in respect of any Sub-Fund and notify to the Trustee and the Unitholders of such Sub-Fund.
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance, Laws of Hong Kong (Chapter 571), as amended
"Sub-Fund"	a separate pool of assets of the Fund that is invested and administered separately
"Subscription Charge"	the subscription charge (if any) payable on the issue of Units and as specified in the relevant Appendix
"Subscription Day"	in relation to a Sub-Fund, or, as the context may require, of a particular Class relating to a Sub-Fund, such Business Day as specified in the relevant Appendix or such other day or days as the Manager and the Trustee may from time to time determine, either generally or in respect of a particular Class or Classes of Units, for effecting any requests for subscription of Units in that Sub-Fund or the relevant Class or Classes
"Subscription Deadline"	in relation to a Subscription Day, such time as specified in the relevant Appendix by which an application for subscription in respect of a Sub-

	Fund or a Class of Units must be received either on such Subscription Day or such other time as the Manager and the Trustee may from time to time determine generally or in relation to any particular jurisdiction in which Units of that Sub-Fund or the relevant Class may from time to time be subscribed
"substantial financial institution"	has the same meaning as in the Code
"Switching Fee"	the switching fee (if any) payable on the conversion of Units and as specified in the relevant Appendix
"Transfer Agent"	ICBC (Asia) Trustee Company Limited
"Trust Deed"	the trust deed dated 28 November 2014 establishing the Fund and entered into by the Manager and the Trustee (as supplemented, amended and restated from time to time)
"Trustee"	ICBC (Asia) Trustee Company Limited in its capacity as trustee of the Fund and its Sub-Funds or such other entity as may be appointed from time to time as the trustee of the Fund and its Sub-Funds
"Unit"	a unit in a Sub-Fund
"Unitholder"	a person registered as a holder of a Unit
"U.S."	United States of America
"US$" or "USD"	US Dollars, the lawful currency of the United States of America
"Valuation Day"	each Business Day on which the Net Asset Value of a Sub-Fund and/or the Net Asset Value of a Unit or a Class of Unit falls to be calculated and in relation to each Subscription Day or Redemption Day (as the case may be) of any Class or Classes of Units means either such Subscription Day or Redemption Day (as the case may be) or such other Business Day or day as the Manager and the Trustee may from time to time determine, either generally or in relation to a particular Sub-Fund or Class of Units
"Valuation Point"	the close of business in the last relevant market to close on a relevant Valuation Day or such other time on that day or such other day as the Manager and the Trustee may determine from time to time either generally or in relation to a particular Sub-Fund or Class of Units

THE FUND

The Fund 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 Fund is organised as an umbrella fund and details of each of its current Sub-Fund(s) and/or their respective Class or Classes of Units are set out in the relevant Appendix. Subject to any applicable regulatory requirements and approvals, the Manager may in its sole discretion create further Sub-Funds or determine to issue additional Classes or multiple Classes in relation to each Sub-Fund in the future.

Each Sub-Fund is established as a separate trust under the Trust Deed, and the assets of each Sub- Fund will be invested and administered separately from the assets of, and shall not be used to meet liabilities of, the other Sub-Fund(s).

The Base Currency of a Sub-Fund will be set out in the relevant Appendix. Each Class of Units within a Sub-Fund will be denominated in the Class Currency thereof, which may be the Base Currency of the Sub-Fund to which such Class relates or such other currency of account as specified in the relevant Appendix.

MANAGEMENT AND ADMINISTRATION OF THE FUND

Manager

CCB International Asset Management Limited is the Manager of the Fund and the Sub- Fund(s). 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 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. Investors may contact Mr. Lee Yat Chun, director of the Manager at 852 3911 8361 for queries regarding information of the Manager.

With effect from 30 June 2014, the Manager has registered with the U.S. Internal Revenue Service ("**IRS**") as a sponsoring entity in relation to FATCA (with Global Intermediary Identification Number (GIIN) number: HDGYE7.00000.SP.344).

The Manager undertakes the discretionary investment management of the assets of the Fund and its Sub-Funds. The Manager may appoint an Investment Delegate and delegate any of its investment management functions in relation to assets of specific Sub-Funds to such Investment Delegate subject to prior SFC approval. In the event that an Investment Delegate is appointed by the Manager in respect of an existing Sub-Fund, at least one month's prior notice will be provided to Unitholders of such Sub-Fund and this Explanatory Memorandum and/or the relevant Appendix will be updated to include such appointment.

The Manager shall not be exempted from or indemnified against any liability imposed under the laws of Hong Kong or for breach of trust through fraud or negligence for which it may be liable in relation to its duties, or be indemnified against such liability by Unitholders or at Unitholders' expense.

Trustee

The Trustee of the Fund is ICBC (Asia) Trustee Company Limited, which is a registered trust company registered under Part VIII of the Trustee Ordinance (Chapter 29 of the Laws of Hong Kong). The principal activity of the Trustee is the provision of trustee services.

The Trustee is a wholly-owned subsidiary of Industrial and Commercial Bank of China (Asia) Limited, which is a company incorporated in Hong Kong and a bank licensed under section 16 of the Banking Ordinance (Chapter 155 of the Laws of Hong Kong). The Trustee is independent of the Manager within the meaning of Chapters 4.7 and 4.8 of the Code.

Under the Trust Deed, the Trustee is responsible for the safe-keeping of the assets of the Fund and each Sub-Fund, and such assets will be dealt with pursuant to the terms of the Trust Deed. The Trustee may, from time to time appoint such person or persons (including a connected person) as custodian or co-custodian in respect of the whole or any part of the assets of any Sub-Fund and may empower any such custodian or co-custodian to appoint, subject to no objection in writing from the Trustee, sub-custodians, in accordance with all applicable laws and regulations. The fees and expenses of such custodian, co-custodian or, any persons appointed by the Trustee or sub-custodian in relation to the relevant Sub-Fund shall be paid out of the relevant Sub-Fund (unless otherwise provided in the relevant Appendix).

The Trustee shall (A) exercise reasonable care, skill and diligence in the selection, appointment and ongoing monitoring of its nominees, agents and delegates which are appointed for the custody and/or safekeeping of the property of the Sub-Fund(s) (each a "**Correspondent**"); and (B) be responsible during the term of appointment of each Correspondent for satisfying itself that such persons retained remain suitably qualified and competent on an ongoing basis to provide services to the Fund or any Sub-Fund. Provided that the Trustee has discharged its obligations set out in (A) and (B) the Trustee shall not be liable for any act, omission, insolvency, liquidation or bankruptcy of any Correspondent that is not a connected person of the Trustee. The Trustee shall remain liable for any act or omission of any Correspondent that is

a connected person of the Trustee as if the same were the act or omission of the Trustee. The Trustee shall use reasonable endeavours to recover any loss of investments and other assets arising from any default of a Correspondent.

The Trustee shall not be responsible for any act or omission, insolvency, liquidation or bankruptcy of Euroclear Bank S.A./N.V., Clearstream Banking, S.A. or any other such depositary or clearing system in relation to any investment deposited with such depositary or clearing system.

The Trustee also acts as the Registrar and Transfer Agent of the Fund and each Sub-Fund, to provide registrar and transfer agency services to the Fund and each Sub-Fund.

Under the Trust Deed, the Trustee and its directors, officers, employees, delegates and agents shall be entitled for the purpose of indemnity against any actions, proceedings, liabilities, costs, claims, damages, expenses (including all reasonable legal, professional and other similar expenses) or demands to which it may be put or asserted against, or may incur or suffer in performing its obligations or functions relating to a Sub-Fund, including those arising out of any liability in respect of agreements which the Trustee or the Manager may enter into with other service providers on behalf of any Sub-Fund. The Trustee and its directors, officers, employees, delegates and agents shall be entitled to have recourse to the assets of the relevant Sub-Fund or any part thereof in accordance with the Trust Deed and as required by applicable legislation or court order, but shall not have a right of recourse to the assets of any other Sub-Fund. Notwithstanding the foregoing, the Trustee or the Manager shall not be exempted from or indemnified against any liability imposed under the laws of Hong Kong (including under the Trustee Ordinance, in the case of the Trustee) or for breach of trust through fraud or negligence for which they may be liable in relation to their duties, or be indemnified against such liability by Unitholders or at Unitholders' expense.

The Manager is solely responsible for making investment decisions in relation to the Fund and/or each Sub-Fund. The Trustee shall take reasonable care to ensure that the investment and borrowing limitations set out under the section headed "***Investment Considerations***" and any specific investment and borrowing limitations as set out in the relevant Appendix as they relate to a Sub-Fund and the conditions under which such Sub-Fund is authorised pursuant to the SFO are complied with and save for the aforesaid, the Trustee is not responsible and has no liability for any investment decision made by the Manager. The Trustee is not responsible for the preparation or issue of this Explanatory Memorandum other than the disclosures on the profiles of the Trustee as set out herein.

Custodian

The Trustee has appointed Industrial and Commercial Bank of China (Asia) Limited ("**ICBC (Asia)**") as the Custodian of the Fund and the Sub-Funds.

ICBC (Asia) is a wholly-owned subsidiary of Industrial and Commercial Bank of China Limited which is the largest commercial bank in the world by market capitalization as at 31 December 2018. The Industrial and Commercial Bank of China Limited group ("**ICBC Group**") has exceeded RMB 16.3 trillion (approximately US$2.42 trillion) under custody as of 31 December 2018. ICBC (Asia), being the flagship of ICBC Group outside China provides global custodian services to institutional clients and is a regional centre covering Asia-Pacific.

Pursuant to the Custodial Services Agreement between the Trustee and the Custodian (the "**Custodial Services Agreement**"), the Custodian will act as the custodian of the Fund's and the Sub-Funds' assets, which may be held directly by the Custodian or through its agents, sub-custodians, or delegates pursuant to the Custodial Services Agreement.

Authorised Distributors

The Manager may appoint one or more Authorised Distributor(s) to market, promote, sell and/or distribute Units of one or more Sub-Fund(s), and to receive applications for subscription, redemption and/or conversion of Units.

Where application for Units is made by an applicant through an Authorised Distributor, Units may be registered in the name of the Authorised Distributor or in the name of a nominee company of the Authorised Distributor. As a result of this arrangement, the applicant will be dependent on the person in whose name the applicant's Units are registered to take action on his/her behalf.

Investors who apply for subscription, redemption and/or conversion of Units through Authorised Distributor(s) should note that such Authorised Distributor(s) may impose earlier dealing deadlines for receiving instructions for subscriptions, redemptions or conversions. Investors should pay attention to the arrangements of the Authorised Distributor(s) concerned.

The Manager may pay or share any of the fees received by it (including any Subscription Charge, Redemption Charge, Switching Fee and management fees) with such Authorised Distributors. For the avoidance of doubt, any fees, costs and expenses payable to the Authorised Distributor(s) arising out of any advertisement or promotional activities in connection with the Fund or the Sub-Fund(s) will not be paid from the assets of the Fund or the Sub-Fund(s).

Other Service Providers

The Trustee or the Manager may appoint other service providers to provide services in respect of a Sub-Fund. Details of such other service providers (if any) are set out in the relevant Appendix.

INVESTMENT CONSIDERATIONS

Investment Objective and Policies

The investment objective and policies of each Sub-Fund and specific risks, as well as other important details, are set forth in the Appendix hereto relating to the Sub-Fund.

There may not be any fixed asset allocation by geographical locations for certain Sub-Funds. The expected asset allocations for a Sub-Fund (if any) are for indication only. In order to achieve the investment objectives, the actual asset allocations may in extreme market conditions (such as economic downturn or political turmoil in the markets in which a substantial portion of the assets of a Sub-Fund is invested or changes in legal or regulatory requirements or policies) vary significantly from the expected asset allocations.

Any changes in the investment objective and/or policy which are not immaterial changes will be subject to the prior approval of the SFC and notified to the affected Unitholders by at least one month's prior written notice or such other notice period as agreed with the SFC.

Set out below are the overriding principles and requirements that must be satisfied in order for any changes to be immaterial changes:

(a) the changes do not amount to a material change to the relevant Sub-Fund;

(b) there will be no material change or increase in the overall risk profile of the relevant Sub-Fund following the changes; and

(c) the changes do not materially prejudice the rights or interests of Unitholders of the relevant Sub-Fund.

Investment Restrictions

The investment restrictions applicable to a Sub-Fund depend on the investment objectives and policies of the relevant Sub-Fund. These investment restrictions are contained in the Trust Deed and, subject to any exemptions or additional restrictions applicable to a particular Sub-Fund as described in the relevant Appendix, are summarised below:

(a) the aggregate value of a Sub-Fund's investments in, or exposure to, any single entity through the following may not exceed 10% of the Net Asset Value of such Sub-Fund:

  (1) investments in securities issued by such entity;

  (2) exposure to such entity through underlying assets of FDI; and

  (3) net counterparty exposure to such entity arising from transactions of over-the-counter FDIs;

(b) subject to (a) above and Chapter 7.28(c) of the Code, the aggregate value of a Sub-Fund's investments in, or exposure to, entities within the same group through the following may not exceed 20% of the Net Asset Value of the Sub-Fund:

  (1) investments in securities issued by such entities;

  (2) exposure to such entities through underlying assets of FDIs; and

  (3) net counterparty exposure to such entities arising from transactions of over-the-counter FDIs;

(c) the value of a Sub-Fund's cash deposits made with the same entity or entities within the same group may not exceed 20% of the Net Asset Value of the Sub-Fund, unless:

(1) the cash is held before the launch of the Sub-Fund and for a reasonable period thereafter prior to the initial subscription proceeds being fully invested, or

(2) the cash is proceeds from liquidation of investments prior to the merger or termination of a Sub-Fund, whereby the placing of cash deposits with various financial institutions would not be in the best interest of investors; or

(3) the cash is proceeds received from subscriptions pending investments and held for the settlement of redemption and other payment obligations, whereby the placing of cash deposits with various financial institutions is unduly burdensome and the cash deposits arrangement would not compromise investors' interests;

For the purpose of this paragraph (c), cash deposits generally refer to those that are repayable on demand or have the right to be withdrawn by a Sub-Fund and not referable to provision of property or services.

(d) ordinary shares issued by a single entity held for the account of a Sub-Fund, when aggregated with other holdings of ordinary shares issued by a single entity held for the account of all other Sub-Funds under the Fund collectively, may not exceed 10% of the nominal amount of the ordinary shares issued by a single entity;

(e) not more than 15% of the total Net Asset Value of a Sub-Fund may be invested in securities and other financial products or instruments that are neither listed, quoted nor dealt in on a stock exchange, over-the-counter market or other organised securities market which is open to the international public and on which such securities are regularly traded;

(f) Notwithstanding (a), (b), (d) and (e) above, where direct investment by a Sub-Fund in a market is not in the best interests of investors, a Sub-Fund may invest through a wholly-owned subsidiary company established solely for the purpose of making direct investments in such market. In this case:

(1) the underlying investments of the subsidiary, together with the direct investments made by the Sub-Fund, must in aggregate comply with the requirements of Chapter 7 of the Code;

(2) any increase in the overall fees and charges directly or indirectly borne by the Holders or the Sub-Fund as a result must be clearly disclosed in the relevant Appendix; and

(3) the Sub-Fund must produce the reports required by Clause 8.2 in a consolidated form to include the assets (including investment portfolio) and liabilities of the subsidiary company as part of those of the Sub-Fund;

(g) notwithstanding (a), (b) and (d), not more than 30% of the total Net Asset Value of a Sub-Fund may be invested in Government and other public securities of the same issue;

(h) subject to (g), a Sub-Fund may fully invest in Government and other public securities in at least six different issues;

(i) unless otherwise approved by the SFC, a Sub-Fund may not invest in physical commodities;

(j) for the avoidance of doubt, exchange traded funds ("**ETFs**") that are:

(1) authorised by the SFC; or

(2) listed and regularly traded on internationally recognized stock exchanges open to the public (nominal listing not accepted) and (i) the principal objective of which is to track, replicate or correspond to a financial index or benchmark, which complies with the applicable requirements under Chapter 8.6 of the Code; or (ii) the investment objective, policy, underlying investments and product features of which are substantially in line with or comparable with those set out under Chapter 8.10 of the Code,

may either be considered and treated as (x) listed securities for the purposes of and subject to the requirements in paragraphs (a), (b) and (d) above; or (y) collective investment schemes for the purposes of and subject to the requirements in paragraph (k) below. However, the investments in ETFs shall be subject to paragraph (e) above and the relevant investment limits in ETFs by a Sub-Fund should be consistently applied and clearly disclosed in the relevant Appendix;

(k) where a Sub-Fund invests in shares or units of other collective investment schemes ("**underlying schemes**"),

(1) the value of such Sub-Fund's investment in units or shares in underlying schemes which are non-eligible schemes (as determined by the SFC) and not authorised by the SFC, may not in aggregate exceed 10% of the total Net Asset Value of the Sub-Fund; and

(2) such Sub-Fund may invest in one or more underlying schemes which are either schemes authorised by the SFC or eligible schemes (as determined by the SFC), but the value of the Sub-Fund's investment in units or shares in each such underlying scheme may not exceed 30% of the total Net Asset Value of the Sub-Fund, unless the underlying scheme is authorised by the SFC and its name and key investment information are disclosed in the relevant Appendix,

provided that in respect of (1) and (2) above:

(i) the objective of each underlying scheme may not be to invest primarily in any investment prohibited by Chapter 7 of the Code, and where that underlying scheme's objective is to invest primarily in investments restricted by Chapter 7 of the Code, such investments may not be in contravention of the relevant limitation prescribed by Chapter 7 of the Code. For the avoidance of doubt, a Sub-Fund may invest in scheme(s) authorised by the SFC under Chapter 8 of the Code (except for hedge funds under Chapter 8.7 of the Code), eligible scheme(s) (as determined by the SFC) of which the net derivative exposure (as defined in the Code) does not exceed 100% of its total Net Asset Value, and ETFs satisfying the requirements in paragraph (j) above in compliance with paragraph (k)(1) and (k)(2);

(ii) where the underlying schemes are managed by the Manager or by other companies within the same group that the Manager belongs to, then paragraphs (a), (b), (d) and (e) above are also applicable to the investments of the underlying scheme;

(iii) the objective of the underlying schemes may not be to invest primarily in other collective investment scheme(s);

(iv) where an investment is made in any underlying scheme(s) managed by the Manager or any of its connected persons, all initial charges and redemption charges on the underlying scheme(s) must be waived; and

(v) the Manager or any person acting on behalf of the Sub-Fund or the Manager may not obtain a rebate on any fees or charges levied by an underlying scheme or the management company of an underlying scheme, or quantifiable monetary benefits in connection with investments in any underlying scheme;

(l) a Sub-Fund may invest 90% or more of its total Net Assets Value in a single collective investment scheme and may be authorised as a feeder fund by the SFC. In this case:

(1) the underlying scheme ("**master fund**") must be authorised by the SFC;

(2) the relevant Appendix must state that:

(i) the Sub-Fund is a feeder fund into the master fund;

(ii) for the purpose of complying with the investment restrictions, the Sub-Fund and its master fund will be deemed a single entity;

(iii) the Sub-Fund's annual report must include the investment portfolio of the master fund as at the financial year end date; and

(iv) the aggregate amount of all the fees and charges of the Sub-Fund and its underlying master fund must be clearly disclosed;

(3) unless otherwise approved by the SFC, no increase in the overall total of initial charges, redemption charges, management company's annual fee, or any other costs and charges payable to the Manager or any of its connected persons borne by the Holders or by the Sub-Fund may result, if the master fund in which the Sub-Fund invests is managed by the Manager or by its connected person; and

(4) notwithstanding paragraph (k)(iii) above, the master fund may invest in other collective investment scheme(s) subject to the investment restrictions as set out in paragraph (k)(1), (2), and (k)(i) to (iii); and

(m) if the name of a Sub-Fund indicates a particular objective, investment strategy, geographic region or market, the Sub-Fund should, under normal market circumstances, invest at least 70% of its total Net Asset Value in securities and other investments to reflect the particular objective, investment strategy or geographic region or market which the Sub-Fund represents.

A Sub-Fund shall not:

(a) invest in a security of any class in any company or body if any director or officer of the Manager individually owns more than 0.5% of the total nominal amount of all the issued securities of that class or collectively the directors and officers of the Manager collectively own more than 5% of those securities;

(b) 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 and interests in real estate investment trusts (REITs));

(1) in the case of investments in shares in real estate companies and interests in REITs, such investments shall comply with the investment limits as set out in Chapters 7.1, 7.1A, 7.2, 7.3 and 7.11 of the Code, where applicable.

(2) for the avoidance of doubt, where investments are made in listed REITs, Chapters 7.1, 7.1A and 7.2 of the Code apply and where investments are made in unlisted REITs, which are either companies or collective investment schemes, Chapters 7.3 and 7.11 of the Code apply respectively.

(c) make short sales if as a result a Sub-Fund would be required to deliver securities exceeding 10% of the total Net Asset Value of the Sub-Fund (and for this purpose securities sold short must be actively traded on a market where short selling is permitted). For the avoidance of doubt, a Sub-Fund is prohibited to carry out any naked or uncovered short sale of securities and short selling should be

carried out in accordance with all applicable laws and regulations;

(d) lend or make a loan out of the assets of a Sub-Fund except to the extent that the acquisition of bonds or the making of a deposit (within the applicable investment restrictions) might constitute a loan;

(e) subject to Chapter 7.3 of the Code, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person, save and except for reverse repurchase transactions in compliance with the Code;

(f) enter into any obligation in respect of a Sub-Fund or acquire any asset or engage in any transaction for the account of a Sub-Fund which involves the assumption of any liability which is unlimited. For the avoidance of doubt, the liability of Unitholders must be limited to their investments in the relevant Sub-Fund; or

(g) 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 for any sum unpaid on such investments unless such call could be met in full out of cash or near cash forming part of a Sub-Fund whereby such amount of cash or near cash has not been segregated to cover a future or contingent commitment arising from transactions in FDIs for the purposes of Chapter 7.29 and 7.30 of the Code.

Financial Derivative Instruments

Subject always to the provisions of the Trust Deed and the Code, the Manager may on behalf of a Sub-Fund enter into any transactions in relation to swaps or other FDIs, for heding or non-heding (investment) purposes.

A Sub-Fund may acquire FDIs for hedging purposes. FDIs are considered as being acquired for hedging purposes if they meet all of the following criteria:

(a) they are not aimed at generating any investment return;

(b) they are solely intended for the purpose of limiting, offsetting or eliminating the probability of loss or risks arising from the investments being hedged;

(c) although they may not necessarily reference to the same underlying assets, they should relate to the same asset class with high correlation in terms of risks and return, and involve taking opposite positions, in respect of the investments being hedged; and

(d) they should exhibit price movements with high negative correlation with the investments being hedged under normal market conditions.

Hedging arrangement should be adjusted or re-positioned, where necessary and with due consideration on the fees, expenses and costs, to enable the Sub-Fund to meet its hedging objective in stressed or extreme market conditions.

Each Sub-Fund may acquire FDIs for non-hedging purposes ("**investment purposes**"), subject to the limit that the Sub-Fund's net exposure relating to these FDIs ("**net derivative exposure**") does not exceed 50% of its total Net Asset Value, except this limit may be exceeded for Sub-Funds approved by the SFC under Chapters 8.8 (structured funds) or 8.9 (funds that invest extensively in FDIs) of the Code. In this regard:

(a) for the purpose of calculating net derivative exposure, the positions of FDIs acquired by a Sub-Fund for investment purposes are converted into the equivalent position in the underlying assets of the FDIs, taking into account the prevailing market value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions;

(b) the net derivative exposure should be calculated in accordance with the requirements and guidance issued by the SFC which may be updated from time to time; and

(c) for the avoidance of doubt, FDIs acquired for hedging purposes will not be counted towards the 50% limit referred to in this paragraph so long as there is no residual derivative exposure arising from such hedging arrangement.

The FDIs invested by a Sub-Fund shall be either listed or quoted on a stock exchange, or dealt in over-the-counter market and comply with the following provisions:

(a) the underlying assets consist solely of shares in companies, debt securities, money market instruments, units/shares of collective investment schemes, deposits with substantial financial institutions, Government and other public securities, highly liquid physical commodities (including gold, silver, platinum and crude oil), financial indices, interest rates, foreign exchange rates, currencies or other asset classes acceptable to the SFC, in which the Sub-Fund may invest according to its investment objectives and policies. Where a Sub-Fund invests in index-based FDIs, the underlying assets of such FDIs are not required to be aggregated for the purposes of the investment restrictions or limitations set out in Chapters 7.1, 7.1A, 7.1B and 7.4 of the Code provided that the relevant index is in compliance with Chapter 8.6(e) of the Code;

(b) the counterparties to over-the-counter FDI transactions or their guarantors are substantial financial institutions;

(c) subject to paragraphs (a) and (b) under the section entitled "Investment Restrictions" above, a Sub-Fund's net counterparty exposure to a single entity arising from transactions of the over-the-counter FDIs may not exceed 10% of the Net Asset Value of such Sub-Fund; and

(d) the valuation of the FDIs is marked-to-market daily, subject to regular, reliable and verifiable valuation conducted by the Manager or the Trustee or their nominees, agents or delegates independent of the issuer of the FDIs through measures such as the establishment of a valuation committee or engagement of third party services as maybe established from time to time. The FDIs can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the initiative of the Sub-Fund. Further, the calculation agent/fund administrator should be adequately equipped with the necessary resources to conduct independent marked-to-market valuation and to verify the valuation of the FDIs on a regular basis.

Notwithstanding paragraph (c) above, exposure to a counterparty of over-the-counter FDIs may be lowered by collateral received (if applicable) and should be calculated with reference to the value of collateral and positive mark to market value of the over-the-counter FDIs with that counterparty, if applicable.

Subject to the above, a Sub-Fund may invest in FDIs provided that the exposure to the underlying assets of the FDIs, together with the other investments of the relevant Sub-Fund, may not in aggregate exceed the corresponding investment restrictions or limitations applicable to such underlying assets as set out in Chapters 7.1, 7.1A, 7.1B, 7.4, 7.5, 7.11, 7.11A, 7.11B and 7.14 of the Code.

For the avoidance of doubt, the restrictions and limitations on counterparty as set out in Chapters 7.1, 7.1A and 7.28(c) of the Code will not apply to FDIs that are:

(a) transacted on an exchange where the clearing house performs a central counterparty role; and

(b) marked-to-market daily in the valuation of their FDI positions and subject to margining requirements at least on a daily basis.

A Sub-Fund shall at all times be capable of meeting all its payment and delivery obligations incurred under transactions in FDIs (whether for hedging or for investment purposes). The Manager shall, as part of its risk management process, monitor to ensure that the transactions in FDIs are adequately covered on an ongoing basis. A transaction in FDIs which gives rise to a future commitment or contingent commitment of a Sub-Fund should also be covered as follows:

(a) in the case of FDIs transactions which will, or may at the discretion of the Trustee or the Manager, be cash settled, the Sub-Fund should at all times hold sufficient assets that can be liquidated within a short timeframe to meet the payment obligation; and

(b) in the case of FDIs transactions which will, or may at the counterparty's discretion, require physical delivery of the underlying assets, the Sub-Fund should hold the underlying assets in sufficient quantity at all times to meet the delivery obligation. If the Manager considers the underlying assets to be liquid and tradable, the Sub-Fund may hold other alternative assets in sufficient quantity as cover, provided that such assets may be readily converted into the underlying assets at any time to meet the delivery obligation.

The above policies relating to FDIs apply to financial instruments which embeds a financial derivative as well.

Borrowing Restrictions

Unless otherwise disclosed in the relevant Appendix, the Manager may borrow up to 10% of the total Net Asset Value of a Sub-Fund to acquire investments, to meet redemption requests 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. Securities lending transactions and sale and repurchase transactions in compliance with the requirements as set under the section entitled "Securities Financing Transactions" below are also not borrowings for the purpose of, and are not subject to the borrowing restrictions under this section.

Breach of Investment and Borrowing Restrictions

If the investment and borrowing restrictions set out above are breached, the Manager shall as a priority objective take all steps as are necessary within a reasonable period of time to remedy the situation, having due regard to the interests of Unitholders. The Manager is not immediately required to sell applicable investments if any of the investment restrictions are exceeded as a result of changes in the value of a Sub-Fund's investments, reconstructions or amalgamations, payment out of the assets of the Sub-Fund or redemption of Units but for so long as such limits are exceeded will not acquire any further investments subject to the relevant restriction and will take all reasonable steps to restore the position so that the limits are no longer exceeded.

Securities Lending Transactions, Sale and Repurchase Transactions and Reverse Repurchase Transactions

Where indicated in the relevant Appendix, a Sub-Fund may enter into securities lending transactions, sale and repurchase transactions and reverse repurchase transactions ("securities financing transactions"), provided that they are in the best interests of the Unitholders, the associated risks have been properly mitigated and addressed, and the counterparties to the securities financing transactions are financial institutions which are subject to ongoing prudential regulation and supervision.

A Sub-Fund which engages in securities financing transactions is subject to the following requirements:

- it shall have at least 100% collateralisation in respect of the securities financing transactions into which it enters to ensure there is no uncollateralised counterparty risk exposure arising from these transactions;

- all the revenues arising from securities financing transactions, net of direct and indirect expenses as reasonable and normal compensation for the services rendered in the context of the securities financing transactions to the extent permitted by applicable legal and regulatory requirements, shall be returned to the Sub-Fund;

- it shall ensure that it is able to at any time to recall the securities or the full amount of cash / collateral (as the case may be) subject to the securities financing transactions or terminate the securities financing transactions into which it has entered.

For the avoidance of doubt, there is no current intention for the Fund or its Sub-Fund(s) to engage in securities financing transactions, but where any such Sub-Fund does engage in such transactions, prior approval shall be obtained from the SFC (if required) and the details of policy regarding securities financing transactions will be disclosed in the Explanatory Memorandum in accordance with the Code.

Collateral

A Sub-Fund may receive collateral from a counterparty to over-the-counter FDI transactions and securities financing transactions. Collateral received from counterparties shall comply with the following requirements:

(a) Liquidity – collateral must be sufficiently liquid and tradable in order that it can be sold quickly at a robust price that is close to pre-sale valuation. Collateral should normally trade in a deep and liquid marketplace with transparent pricing;

(b) Valuation – collateral should be marked-to-market daily by using independent pricing source;

(c) Credit quality – asset used as collateral must be of high credit quality and should be replaced immediately as soon as the credit quality of the collateral or the issuer of the asset being used as collateral has deteriorated to such a degree that it would undermine the effectiveness of the collateral;

(d) Haircut – collateral should be subject to prudent haircut policy, which should be based on the market risks of the assets used as collateral in order to cover potential maximum expected decline in collateral values during liquidation before a transaction can be closed out with due consideration on stress period and volatile markets, and the price volatility of the asset used as collateral. Other specific characteristics of the collateral, including, among others, asset types, issuer creditworthiness, residual maturity, price sensitivity, optionality, expected liquidity in stressed period, impact from foreign exchange, and correlation between securities accepted as collateral and the securities involved in the transactions;

(e) Diversification – collateral must be appropriately diversified so as to avoid concentrated exposure to any single entity and/or entities within the same group. The exposure to the issuer(s) of the collateral should be taken into account in compliance with the investment restrictions and limitations set out in Chapter 7 of the Code;

(f) Correlation – the value of the collateral should not have any significant correlation with the creditworthiness of the counterparty or the issuer of the FDIs, or the counterparty of securities financing transactions in such a way that would undermine the effectiveness of the collateral. As such, securities issued by the counterparty or the issuer of the FDIs, or the counterparty of securities financing transactions or any of their related entities will not be used as collateral;

(g) Management of operational and legal risks – there must be appropriate systems, operational capabilities and legal expertise for proper collateral management;

(h) Independent custody – collateral must be held by the Trustee or the Custodian;

(i) Enforceability – collateral must be readily accessible or enforceable by the Trustee or the Custodian without further recourse to the issuer of the FDIs, or the counterparty of the securities financing transactions; and

(j) Re-investment of collateral – cash collateral received may only be reinvested in short-term deposits, high quality money market instruments and money market funds authorised under

Chapter 8.2 of the Code or regulated in a manner generally comparable with the requirements of the SFC and acceptable to the SFC, and subject to corresponding investment restrictions or limitations applicable to such investments or exposure as set out in Chapter 7 of the Code. Non-cash collateral received may not be sold, re-invested or pledged;

a. For the purpose herein, "money market instruments" refer to securities normally dealt in on the money markets, including government bills, certificates of deposit, commercial papers, short-term notes and bankers' acceptances, etc. In assessing whether a money market instrument is of high quality, at a minimum, the credit quality and the liquidity profile of the money market instruments must be taken into account. Any re-investment of cash collateral shall be subject to the following further restrictions and limitations:

    i. the portfolio of assets from re-investment of cash collateral shall comply with the requirements as set out in Chapters 8.2(f) and 8.2(n) of the Code;

    ii. cash collateral received is not allowed to be further engaged in any securities financing transactions; and

    iii. when the cash collateral received is reinvested into other investment(s), such investment(s) is/are not allowed to be engaged in any securities financing transactions.

(k) Not available for secondary recourse – collateral cannot be applied for any purpose except for the purpose of being used as collateral.

(l) Encumbrances - collateral should be free of prior encumbrances.

(m) Collateral generally should not include (i) structured products whose payouts rely on embedded FDIs or synthetic instruments; (ii) securities issued by special purpose vehicles, special investment vehicles or similar entities; (iii) securitised products; or (iv) unlisted collective investment schemes.

Where the aggregate value of all collateral held by a Sub-Fund represents 30% or more of its net asset value, a description of holdings of collateral (including a description of the nature of collateral, identity of the counterparty providing the collateral, value of the Sub-Fund (by percentage) secured/covered by collateral with breakdown by asset class/nature and credit rating (if applicable)) will be disclosed in the Sub-Fund's annual and interim financial reports for the relevant period.

For the avoidance of doubt, there is no current intention for the Fund or its Sub-Fund(s) to receive any collateral in view of the current strategy of the Fund and the Sub-Fund, but where any such Sub-Fund does receive collateral, prior approval shall be obtained from the SFC (if required) and the relevant collateral policy and criteria will be disclosed in the Explanatory Memorandum in accordance with the Code.

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. There can be no assurance that a Sub-Fund will be able to achieve its investment objective or that an Unitholder will receive a return on his capital. 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.

Risk of not achieving investment objective

There is no assurance that the investment objective of the respective Sub-Funds will be achieved. Whilst it is the intention of the Manager to implement strategies which are designed to minimise potential losses, there can be no assurance that these strategies will be successful. It is possible that an investor may lose a substantial proportion or all of its investment in a Sub-Fund. As a result, each investor should carefully consider whether he can afford to bear the risks of investing in the relevant Sub-Fund.

Investment risk

Investments involve risks. Each Sub-Fund is not principal guaranteed. Investment in a Sub-Fund is not in the nature of a deposit in a bank account and is not protected by any government, government agency or other guarantee scheme which may be available to protect the holder of a bank deposit account. There is no guarantee that in any time period, particularly in the short term, a Sub-Fund's portfolio will achieve appreciation in terms of capital growth. 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.

Market risk

Market risk includes such factors as changes in economic environment, consumption pattern, lack of publicly available information of investments and their issuers and investors' expectations, which may have significant impact on the value of the investments. Usually, emerging markets tend to be more volatile than developed markets and may experience substantial price volatility. Market movements may therefore result in substantial fluctuations in the Net Asset Value per Unit of the relevant Sub- Fund. The price of Units and the distributions from them (if any) may go down as well as up.

There can be no assurance that an investor will achieve profits or avoid losses, significant or otherwise. 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 and as a result, may have adverse impact to the relevant Sub-Fund and its investors.

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 China 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, China B-Shares and China 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.

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.

Risks relating to debt securities

Credit risk

Investment in bonds or other debt securities involve credit risk of the issuers. 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 timely payments on principal and/or interests of the securities they issue. If the issuers of any of the securities in which the Sub-Fund's assets are invested default, the performance of the Sub-Fund will be adversely affected.

The debt securities that a Sub-Fund invests in may be offered on an unsecured basis without collateral. In such circumstances, the relevant Sub-Fund will rank equally with other unsecured creditors of the relevant issuer. As a result, if the issuer becomes bankrupt, proceeds from the liquidation of the issuer's assets will be paid to holders of the relevant fixed income instrument issued by it only after all secured claims have been satisfied in full. The relevant Sub-Fund is therefore fully exposed to the credit/insolvency risk of its counterparties as an unsecured creditor.

A Sub-Fund may hold cash and deposits in banks or other financial institutions and the extent of governmental and regulatory supervision may vary. The Sub-Fund might suffer a significant or even total loss in the event of insolvency of the banks or financial institutions.

Credit ratings risk

The ratings of debt securities by Moody's Investor Services, Standard & Poor's and Fitch's are a generally accepted barometer of credit risk. Certain debt securities may also be rated by domestic credit agencies in a particular country. These ratings are subject to certain limitations from an investor's standpoint. The rating of an issuer is heavily weighted by past performance and does not necessarily reflect probable future conditions. Rating agencies might not always change their credit rating of an issuer in a timely manner to reflect events that could affect the issuer' ability to make scheduled payment on its obligations. In addition, there may be varying degrees of difference in credit risk of securities within each rating category.

Credit rating downgrading risk

The credit rating assigned to a security or an issuer may be re-evaluated and updated based on recent market events or specific developments. As a result, securities may be subject to the risk of being downgraded to lower rated securities. Similarly, an issuer may be downgraded, for example, as a result of deterioration of its financial conditions. It is relatively more difficult for the Manager to dispose of such downgraded securities. In the event of downgrading in the credit ratings of a security or an issuer relating to a security subsequent to its acquisition, 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 securities being downgraded to lower rated securities and such securities continued to be held by the Sub-Fund, the Sub-Fund will also be subject to the lower rated and unrated securities risk outlined in the following paragraph.

Lower rated and unrated securities risk

A Sub-Fund may invest in securities which are lower rated or which are unrated. Investors should note that lower rated securities and unrated securities would generally be considered to have a higher degree of counterparty risk, credit risk and liquidity risk than higher rated, lower yielding securities and may be subject to greater fluctuation in value and higher chance of default. 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.

The value of lower rated or unrated corporate bonds may be 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.

Interest rates risk

Changes in interest rates may affect the value of a debt security as well as the financial markets in general. Debt securities (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 securities rise when interest rates fall, whilst their prices fall when interest rates rise. Longer term debt securities are usually more sensitive to interest rate changes. If the debt securities held by a Sub-Fund fall in value, the Sub-Fund's value will also be adversely affected.

Valuation risk

The value of debt securities that a Sub-Fund invests may be subject to the risk of mispricing or improper valuation, i.e. operational risk that the debt securities are not priced properly.

Valuations of quoted or listed debt securities are primarily based on the valuations from independent third party sources where the prices are available. However, in the case where independent pricing information may not be available such as in extreme market conditions or break down in the systems of third party sources, the value of such debt securities may be based on certification by such firm or institution making a market in such investment as may be appointed for such purpose by the Manager after consultation with the Trustee. Valuations in such circumstance may involve uncertainty and judgemental determination.

In the event of adverse market conditions where it is not possible to obtain any reference quotation from the market at the relevant time of valuation, the latest available quotations of the relevant debt securities may be used to estimate the fair market value. Alternatively, the Manager after consultation with the Trustee may, permit some other method of valuation to be used to estimate the fair market value of such debt securities including the use of quotation of other debt securities with very similar attributes. Such valuation methodology may not equal the actual liquidation price due to liquidity and size constraints. If valuation is proven to be incorrect, this will affect the Net Asset Value calculation of the relevant Sub-Fund.

Unlisted debt securities risk

The debt securities in which a Sub-Fund invests may not be listed on a stock exchange or a securities market where trading is conducted on a regular basis. Even if the debt securities are listed, the market for such securities may be inactive and the trading volume may be low. In the absence of an active secondary market, the relevant Sub-Fund may need to hold the debt securities until their maturity date. If sizeable redemption requests are received, the relevant Sub-Fund may need to liquidate its investments at a substantial discount in order to satisfy such requests and the relevant Sub-Fund may suffer losses in trading such securities.

Liquidity risk

Some of the debt markets in which a Sub-Fund invests may be less liquid and more volatile. Investment in debt securities traded on such markets may be subject to the risk that during certain periods, the liquidity of particular issuers or industries, or all securities within a particular investment category will shrink or disappear suddenly and without warning as a result of adverse economic, market or political events, or adverse investor perceptions whether or not accurate.

Liquidity risk also includes the risk that a Sub-Fund will not be able to pay redemption proceeds within the allowable time period because of unusual market conditions, an unusually high volume of redemption requests, or other uncontrollable factors. To meet redemption requests, a Sub-Fund may be forced to sell investments, at an unfavourable time and/or conditions.

An inability to sell a portfolio position can adversely affect a Sub-Fund's value or prevent the Sub-Fund from being able to take advantage of other investment opportunities. Liquidity risk also includes the risk that a Sub-Fund will not be able to pay redemption proceeds within the allowable time period because of unusual market conditions, an unusually high volume of redemption requests, or other uncontrollable factors. To meet redemption requests, a Sub-Fund may be forced to sell investments, at an unfavourable time and/or conditions.

Risks of investing in other funds

A Sub-Fund may invest in underlying schemes which are not regulated by the SFC. In addition to the expenses and charges charged by such Sub-Fund, investors should note that there are additional fees involved when investing into these underlying schemes, including fees and expenses charged by investment manager of these underlying schemes as well as fees payable by the relevant Sub-Fund during its subscription to or redemption from these underlying schemes. Furthermore, there can be no assurance that 1) the liquidity of the underlying schemes will always be sufficient to meet redemption request as and when made; and 2) investment objective and strategy will be successfully achieved despite the due diligence procedures undertaken by the Manager and the selection and monitoring of the underlying schemes. These factors may have adverse impact on the relevant Sub-Fund and its investors. If a Sub-Fund invests in an underlying scheme managed by the Manager or connected person of the Manager, potential conflict of interest may arise. Please refer to the section headed "***General Information - Conflicts of Interest***" for details under the circumstances.

Borrowing Risks

The Trustee, on the instruction of the Manager, may borrow for the account of a Sub-Fund for various reasons, such as facilitating redemptions or to acquire investments for the account of the relevant Sub-Fund. Borrowing involves an increased degree of financial risk and may increase the exposure of the relevant Sub-Fund to factors such as rising interest rates, downturns in the economy or deterioration in the conditions of the assets underlying its investments. There can be no assurance that the relevant Sub-Fund will be able to borrow on favourable terms, or that the relevant Sub-Fund's indebtedness will be accessible or be able to be refinanced by the relevant Sub-Fund at any time.

Emerging markets risks

Certain 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 risk such as market risk, custody risk and settlement 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. In addition, it may be difficult to obtain and enforce a judgment in a court in an emerging country.

Underlying investments of emerging market funds may also become illiquid which may constrain the Manager's ability to realise some or all of the portfolio. 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.

Sovereign risks

Certain developing countries and certain developed countries are especially large debtors to commercial banks and foreign governments. Investment in debt obligations issued or guaranteed by governments or their agencies of such countries may involve a high degree of risk. The willingness or ability of a governmental entity to repay principal and interest due in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign reserves, the availability of sufficient foreign exchange on the date a payment is due and the relative size of the debt service burden to the economy as a whole.

Governmental entities may also be dependent on expected disbursements from foreign governments, multilateral agencies and others agencies abroad to reduce principal and arrearage on their debts. However, failure to implement economic reforms or achieve a required level of economic performance or repay debts when due may result in the cancellation of these third parties' commitments to continuously lend funds to a governmental entity, which may further impair such debtor's ability or willingness to service its debt on a timely basis.

In case of default, holders of sovereign debts (including a Sub-Fund) may be requested to participate in the rescheduling of such debt and to extend further loans to the relevant governmental entities. In addition, a Sub-Fund may invest in securities issued or guaranteed by the government of a country with a sovereign credit rating that is lower rated. The performance and value of the Sub-Fund could deteriorate should there be any adverse credit events in the sovereign, in particular if there is downgrading of the sovereign credit rating or a default or bankruptcy of a sovereign occurs. There are no bankruptcy proceedings by which sovereign debt on which a governmental entity has defaulted may be recovered in whole or in part.

Concentration risk

A Sub-Fund may invest only in a specific country/region/sector/asset class. A Sub-Fund's portfolio may not be well diversified in terms of the number of holdings and the number of issuers of securities that the Sub-Fund may invest in. Such Sub-Fund may be adversely affected by or depend heavily on the performance of those securities. Investors should also be aware that such Sub-Fund is likely to be more volatile than a broad-based fund, such as a global or regional equity or bond fund, as they are more susceptible to fluctuations in value resulting from limited number of holdings or from adverse conditions in their respective country/region/sector/asset class.

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. There can be no assurance that the Renminbi exchange rate will not fluctuate widely against the US dollar or any other foreign currency in the future. Future movements in exchange rates may affect the value of assets held by a Sub-Fund. Any depreciation of the Renminbi will decrease the value of the Renminbi- denominated assets that a Sub-Fund

may hold and of any dividends or interest that such Sub-Fund may receive from such investments, which may have a detrimental impact on the Net Asset Value of the Sub-Fund.

Currently, the Renminbi is traded in two markets: one in mainland China, and one outside mainland China (primarily in Hong Kong). The RMB traded in mainland China (CNY) is not freely convertible and is subject to exchange controls and certain requirements by the government of mainland China. The Renminbi traded outside mainland China (CNH), on the other hand, although freely tradeable, is still subject to controls, limits and availability. Whilst the Renminbi is traded freely outside mainland China, the Renminbi spot, forward foreign exchange contracts and related instruments reflect the structural complexities of this evolving market. Accordingly, the Sub-Fund(s) may be exposed to greater foreign exchange risks.

Since the two Renminbi markets operate independently where the flow between them is highly restricted, CNY and CNH are traded at different rates and their movement may not be in the same direction. The CNH rate may be at a premium or discount to the exchange rate for CNY rate. There may be significant bid and ask spreads in the CNH market, which may affect the value of investors' investment in the Sub-Fund(s). In calculating the value of non-Renminbi denominated assets and the prices of Units of non-Renminbi classes, the Manager will normally apply the CNH exchange rate for the offshore Renminbi market in Hong Kong. The fluctuation in the CNH/CNY exchange rate could therefore have an impact on investors for such classes of Units. In particular, where the CNH rate is at a premium to the exchange rate for CNY rate, an investor in a non-Renminbi class of Units may incur additional costs when investing in such Units (since the currency conversion into Renminbi will be made at the prevailing CNH rate).

Currency conversion risk

It may be the Manager's intention to maintain a substantial portion of investments of a Sub-Fund in Renminbi denominated and settled instruments. Where an investor subscribes for Units denominated in a non-Renminbi currency, the Manager may convert part or all of such subscriptions into Renminbi prior to investment at the applicable exchange rate. As Renminbi is not freely convertible, currency conversion is subject to availability of Renminbi at the relevant time (i.e. it is possible there is not sufficient Renminbi for currency conversion in case of sizeable subscriptions). As such, the Manager has the absolute discretion to reject any application made in non-Renminbi currency subscription monies (whether such application is in relation to a class of Units denominated in Renminbi) where it determines that there is not sufficient Renminbi for currency conversion.

Where an investor redeems Units denominated in a non-Renminbi currency, the Manager may sell the Sub-Fund's investments denominated in Renminbi and convert such proceeds into non-Renminbi currency at the applicable exchange rate. Currency conversion is also subject to the Sub-Fund(s)' ability to convert the proceeds denominated in Renminbi into non-Renminbi currency which, in turn, might delay the payment of redemption proceeds or affect the Sub-Fund(s)' ability to meet redemption requests from the Unitholders until such time the conversion into non-Renminbi currency is available.

Investors whose assets are predominantly exposed to a currency other than the Renminbi should take into account the potential risk of loss arising from fluctuations in value between such non-Renminbi currency and the Renminbi. There is no guarantee that Renminbi will appreciate in value against the relevant class currency, or that the strength of the Renminbi may not weaken. In such case an investor may enjoy a gain in Renminbi terms but suffer a loss when converting funds between Renminbi and their own currency.

As a result, a Sub-Fund or its investors may suffer losses depending on the exchange rate movements of RMB relative to Hong Kong dollars or such other currencies.

Currency and foreign exchange risk

A Sub-Fund may also issue Classes denominated in a currency other than the Base Currency of that Sub-Fund. A Sub-Fund may be invested in part in assets quoted in currencies other than its Base Currency or the relevant Class Currency. The performance of such Sub-Fund and the Net Asset Value of the Sub-Fund may be affected unfavourably by movements in the exchange rate between the currencies in which the

assets are held and the Base Currency of such Sub-Fund or the relevant Class Currency. Since the Manager aims to maximise returns for such Sub-Fund in terms of its Base Currency, investors in such Sub-Fund may be exposed to additional currency risk. These risks may have adverse impact on the relevant Sub-Fund and its investors.

A Sub-Fund may, in part, seek to offset the risks associated with such exposure through foreign exchange transactions. The markets in which foreign exchange transactions are effected are highly volatile, highly specialised and highly technical. Significant changes, including changes in liquidity and prices, can occur in such markets within very short periods of time, often within minutes. Foreign exchange trading risks include, but are not limited to, exchange rate risk, interest rate risk and potential interference by foreign governments through regulation of local exchange markets, foreign investment, or particular transactions in foreign currency. These risks may have adverse impact on the relevant Sub-Fund and its investors.

Any changes in exchange control regulations may cause difficulties in the repatriation of funds. Dealings in a Sub-Fund may be suspended if the relevant Sub-Fund is unable to repatriate funds for the purpose of making payments on the redemption of Units. For further details on suspension of dealings in a Sub-Fund, please refer to the section headed "***Valuation and Suspension - Suspension***" below.

FDI and structured product risk

A Sub-Fund may invest in FDIs 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-Fund.

These 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 FDIs 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-Fund to the possibility of a loss exceeding the original amount invested.

Compared to a direct investment in the underlying assets, FDIs can be more sensitive to changes in market prices of the underlying assets and thus market prices of FDIs may fall in value as rapidly as they may rise. Investors investing in such Sub-Funds are exposed to a higher degree of fluctuation in value than a Sub-Fund which does not invest in FDIs.

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 FDIs 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 substantial losses as a result.

In addition, certain instruments traded on the OTC markets (such as customised FDIs and structured products) can be illiquid. The market for relatively illiquid investments tends to be more volatile than the market for more liquid investments. These risks may have adverse impact on the relevant Sub-Fund and its investors.

Hedging risk

The Manager is permitted, but not obliged, to use hedging techniques such as using futures, options and/or forward contracts to attempt to offset market and currency risks. There is no guarantee that hedging techniques will fully and effectively achieve their desired result. The success of hedging depends on the Manager's expertise and hedging may become inefficient or ineffective. This may have adverse impact on the relevant Sub-Fund and its investors.

While a Sub-Fund may enter into such hedging transactions to seek to reduce risks, unanticipated changes in currency, interest rates and market circumstances may result in a poorer overall performance of a Sub-Fund. A Sub-Fund may not obtain a perfect correlation between hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the intended hedge or expose the relevant Sub-Fund to risk of loss.

Any expenses arising from such hedging transactions, which may be significant depending on prevailing market conditions, will be borne by the relevant Sub-Fund in relation to which they have been incurred.

Difficulties in valuation of investments

Securities acquired on behalf of a Sub-Fund may subsequently become illiquid due to events relating to the issuer of the securities, market and economic conditions and regulatory sanctions. In cases where no clear indication of the value of a Sub-Fund's portfolio securities is available (for example, when the secondary markets on which a security is traded has become illiquid) the Manager may apply valuation methods to ascertain the fair value of such securities.

In addition, market volatility may result in a discrepancy between the latest available issue and redemption prices for the Sub-Fund and the fair value of the Sub-Fund's assets. To protect the interest of investors, the Manager may, after consultation with the Trustee, adjust the Net Asset Value of the Sub-Fund or the Units, if in the circumstances it considers that such adjustment is required to reflect more accurately the fair value of the Sub-Fund's assets.

Valuation of a Sub-Fund's investments may involve uncertainties and judgmental determinations, and independent pricing information may not at all times be available. If such valuations should prove to be incorrect, the Net Asset Value of the Sub-Fund may be adversely affected.

Restricted markets risk

A Sub-Fund may invest in securities in jurisdictions (including China) which impose limitations or restrictions on foreign ownership or holdings. In such circumstances, the relevant Sub-Fund 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.

Legal, tax and regulatory risk

Legal, tax and regulatory changes could occur in the future. For example, the regulatory or tax environment for FDIs is evolving, and changes in their regulation or taxation may adversely affect the value of FDIs. Changes to the current laws and regulations will lead to changes in the legal requirements to which the relevant Sub-Fund may be subject, and may adversely affect the relevant Sub-Fund and its investors.

Equity investment risks

A Sub-Fund may invest directly or indirectly in equity securities. Investing in equity securities may offer a higher rate of return than those investing in short term and longer term debt securities. However, the risks associated with investments in equity securities may also be higher, because the investment performance

of equity securities depends upon factors which are difficult to predict. As a result, the market value of the equity securities that it invests in may go down as well as up. Factors affecting the equity securities are numerous, including but not limited to changes in investment sentiment, political environment, economic environment, and the business and social conditions in local and global marketplace. Securities exchanges typically have the right to suspend or limit trading in any security traded on the relevant exchange; a suspension will render it impossible to liquidate positions and can thereby expose the relevant Sub-Fund to losses.

Volatility risk

Prices of securities may be volatile. Price movements of securities are difficult to predict and are influenced by, among other things, changing supply and demand relationships, governmental trade, fiscal, monetary and exchange control policies, national and international political and economic events, and the inherent volatility of the market place. A Sub-Fund's value will be affected by such price movements and could be volatile, especially in the short-term.

Risk relating to small- and mid-capped companies

A Sub-Fund may invest in the securities of small and/or mid-capped companies. Investing in these securities may expose such Sub-Fund to risks such as greater market price volatility, less publicly available information, and greater vulnerability to fluctuations in the economic cycle.

Risks of investing in IPO securities

A Sub-Fund may invest in initial public offers ("**IPOs**") securities. The prices of securities involved in initial public offers ("**IPOs**") are often subject to greater and more unpredictable price changes than more established securities. There is the risk that there are inadequate trading opportunities generally or allocations for IPOs which the Manager wishes or is able to participate in. Furthermore, the liquidity and volatility risks associated with investments or potential investments in IPO securities may be difficult to assess, due to the lack of trading history of such IPO securities. These risks may have adverse impact on the relevant Sub-Fund and its investors.

Risk of termination

A Sub-Fund may be terminated in certain circumstances which are summarised under the section "***General Information - Termination of Fund or a 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.

Distributions risk

Distributions may be made in respect of the Distribution Classes (please refer to the section "***Distribution Policy***" for the definition of the term "Distribution Classes"). However, there is no guarantee that such distributions will be made nor will there be a target level of distributions payout. A high distribution yield does not imply a positive or high return.

Subject to the disclosure in the relevant Appendix, distributions may be paid out of the capital of a Sub-Fund. The Manager may distribute out of the capital of a Sub-Fund if the net distributable income attributable to the relevant Distribution Class during the relevant period is insufficient to pay distributions as declared. **Investors should note that the payment of distributions out of capital represents a return or a withdrawal of part of the amount they originally invested or capital gain attributable to that amount. Distributions will result in an immediate decrease in the Net Asset Value of the relevant Units.**

For Accumulation Classes (please refer to the section "***Distribution Policy***" for definition of the term "Accumulation Classes"), the Manager does not intend to pay distributions. Accordingly, an investment in the Accumulation Classes may not be suitable for investors seeking income returns for financial or tax planning purposes.

Cross-Class liability

Multiple Classes of Units may be issued in relation to a Sub-Fund, with particular assets and liabilities of that Sub-Fund attributable to particular Classes. Where the liabilities of a particular Class exceed the assets pertaining to that Class, creditors pertaining to one class may have recourse to the assets attributable to other Classes. Although for the purposes of internal accounting, a separate account will be established for each Class, in the event of an insolvency or termination of that Sub-Fund (i.e. when the assets of that Sub-Fund are insufficient to meet its liabilities), all assets will be used to meet that Sub-Fund's liabilities, not just the amount standing to the credit of any individual Class. However, the assets of that Sub-Fund may not be used to satisfy the liabilities of another Sub-Fund.

Creation of Sub-Funds or New Classes of Units

Additional Sub-Funds or additional Classes of Units which may have different terms of investment may be established in the future without the consent of, or notification to existing Unitholders. In particular, such additional Sub-Funds or additional Classes may have different terms with regard to fees.

Custody Risk

Custodians (or sub-custodians (if any)) may be appointed for the purpose of holding assets in custody (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.

Non-compliance with HKFRS

The annual and interim financial reports of a Sub-Fund will be prepared in accordance with the HKFRS. Investors should note that the valuation rules described in the section headed "***Valuation and Suspension – Calculation of Net Asset Value***" below may not necessarily comply with HKFRS. Under HKFRS, investments should be valued at fair value, and price within the bid and ask pricing is considered to be representative of fair value for long and short listed investments respectively. However, under the valuation basis described in the section headed ***Valuation and Suspension – Calculation of Net Asset Value***" below, listed investments are expected to be valued normally at the last traded price or closing price instead of price within the bid and ask pricing as required under HKFRS.

The cost of establishment of each Sub-Fund will be amortised over the Amortisation Period. Investors should note that this policy of amortisation is not in accordance with HKFRS. However, the Manager has considered the impact of such non-compliance and do not expect this issue to materially affect the results and Net Asset Value of a Sub-Fund. Further, the Manager believes that this policy is fairer and more equitable to the initial investors.

FATCA Withholding Risk

The U.S. tax provisions commonly known as the Foreign Account Tax Compliance Act ("**FATCA**") generally impose a 30% withholding tax on certain income ("Withholding Payments"), including but not limited to certain United States ("**U.S.**") source income (such as dividends and interest) and possibly a portion of certain non-U.S. source payments the extent attributable to Withholdable Payments ("**Passthru Payments**"), which is to be defined under FATCA.

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 Act***" in the section "***TAXATION***" in the Explanatory Memorandum.

Conflicts of Interest; Other Activities of the Manager

The Manager and its associates may act as the adviser, broker or investment manager to other clients (including funds) now or in the future. They may additionally serve as consultants to partners or shareholders or directors in other investment funds, companies and investment firms. Investors in a Sub-Fund should understand that certain investments may be appropriate for the Sub-Fund and also for other clients advised or managed by the Manager or its affiliates. Investment decisions for a Sub- Fund and for such other clients are made in a manner believed by the Manager to be equitable to each.

The Manager or its associates may from time to time act as director, administrator, custodian, dealer or in other capacity in relation to, or be otherwise involved in, other investment funds, companies, investment firm or accounts. They may also make, manage and advise in relation to its own proprietary and/or third party investments which may give rise to actual or potential conflicts of interest between the Fund and such entities that the Manager or its associates uses to facilitate proprietary and/or third party investments. The Manager and their respective associates may also own shares or investments and hold, dispose or otherwise deal with such shares or investments as well as hold or deal in any investments notwithstanding that similar investments may be held by or for the account of a Sub-Fund. In dealing with any matter involving an actual or potential conflict of interest, the Manager and their associates will be guided by good faith judgment and shall take such actions as are determined by the Manager and/or their associates to be necessary or appropriate to ameliorate such conflict of interest, but there is no certainty that any conflict of interest will be resolved fairly.

For the avoidance of doubt and without limiting any other provision of this Explanatory Memorandum, the Manager and their associates may acquire, hold and dispose of interests in the portfolio company ("**Portfolio Company**") or securities which a Sub-Fund invested in and may execute agency transactions in such securities. In addition, subject to the Code, the Manager and its associates may provide investment advice to the Portfolio Company and may receive and retain remuneration and/or rebates directly from the Portfolio Company in connection therewith.

For more information, please refer to the section headed "***General Information - Conflicts of Interest***".

Effect of Substantial Redemptions

Substantial redemptions by Unitholders within a short period of time could require the relevant Sub- Fund to liquidate securities and other positions more rapidly than would otherwise be desirable, possibly reducing the value of its assets and/or disrupting its investment strategy. Further, it may be impossible to liquidate a sufficient amount of securities to meet redemptions because a significant part of the portfolio at any given time may be invested in securities for which the market is or has become illiquid. Reduction in the size of the relevant Sub-Fund could make it more difficult to generate a positive return or to recoup losses due to, among other things, reductions in the Sub-Fund's ability to take advantage of particular investment opportunities or decreases in the ratio of its income to its expenses.

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.

Liquidity Risk Management

The Manager has established a liquidity risk management policy with the aim to enable it to identify, monitor, manage and mitigate the liquidity risks of a Sub-Fund and to facilitate a Sub-Fund's ability to support redemptions. Such policy, combined with the governance framework in place and the liquidity management tools of the Manager, also seeks to achieve fair treatment of Unitholders and safeguard the interests of remaining Unitholders in case of sizable redemptions.

The Manager's liquidity risk management policy takes into account the investment strategy; the underlying assets' liquidity (and whether they are priced at fair value) and the nature of each Sub- Fund.

The Manager's risk management function is independent from the investment portfolio management function and is responsible for performing monitoring of each Sub-Fund's liquidity risk in accordance with the Manager's liquidity risk management policy. Exceptions on liquidity risk related issues are escalated to the Manager's designated person with appropriate actions properly documented.

The Manager may employ one or more tools to manage liquidity risks including, but not limited to:

- the Manager may deduct fiscal and sale charges in calculating the Redemption Price, as outlined in the section "***Valuation and Suspension - Adjustment of Prices***"; and/or

- the Manager may, after giving notice to the Trustee, declare a suspension of the determination of the Net Asset Value of the Sub-Fund and/or the redemption of Units for the whole or any part of any period as outlined in the section "***Valuation and Suspension - Suspension***".

INVESTING IN THE FUND

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 be denominated in a different Class Currency or 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 Subscription Amount, Minimum Subsequent Subscription Amount, Minimum Holding Amount and Minimum Redemption Amount. Investors should refer to the relevant Appendix for the available Classes of Units and the applicable minimum amounts.

Initial Offer

Units of a Sub-Fund or a Class in a Sub-Fund will be offered for the first time at the Initial Offer Price during the Initial Offer Period of such Sub-Fund or such Class as specified in the relevant Appendix.

Minimum Subscription Level

The offering of a Class of Units or a Sub-Fund may be conditional upon the Minimum Subscription Level (if applicable) being received on or prior to the close of the Initial Offer Period.

In the event that the Minimum Subscription Level of a Class of Units or a Sub-Fund is not achieved or the Manager is of the opinion that it is not in the commercial interest of investors or not feasible, as a result of adverse market conditions or otherwise, to proceed with the relevant Class of Units or Sub- Fund, the Manager may in its discretion extend the Initial Offer Period for the relevant Class of Units or Sub-Fund or determine that the relevant Class of Units or the relevant Sub-Fund and the Class or Classes of Units relating to it will not be launched. In such event, the relevant Class of Units or the Sub-Fund and the Class or Classes of Units relating to it shall be deemed not to have commenced.

Notwithstanding the aforesaid, the Manager reserves the discretion to proceed with the issue of Units of the relevant Class of Units or Sub-Fund even if the Minimum Subscription Level has not been achieved.

Subsequent Subscription

Units are available for subscription on each Subscription Day after the expiry of the Initial Offer Period.

Issue Price

After the close of the Initial Offer Period, the Issue Price per Unit for any Class of a Sub-Fund on a Subscription Day will be calculated by reference to the Net Asset Value per Unit of that Class as at the Valuation Point on the Valuation Day in respect of that Subscription Day (for further details see "***Valuation and Suspension - Calculation of Net Asset Value***" below).

In calculating the Issue Price, the Manager may impose such amount (if any) as the Manager may estimate as an appropriate allowance to reflect the difference between (i) the prices at which the assets of the relevant Sub-Fund are to be valued and (ii) the total cost of acquiring such assets (including any stamp duty, other taxes, duties or governmental charges, brokerage, bank charges, transfer fees, or registration fees). For further details, please see "***Valuation and Suspension – Adjustment of Prices***" below.

The Issue Price shall be rounded to 2 decimal places (0.005 and above being rounded up; below 0.005 being rounded down) or such other decimal places as the Manager determines. Any amount corresponding to such rounding will accrue to the relevant Sub-Fund.

Subscription Charge

The Manager, its agents or delegates may charge a Subscription Charge on the issue of each Unit of a percentage of either (i) the Initial Offer Price or the Issue Price, as the case may be, of such Unit or (ii) the total subscription amount received in relation to an application, as the Manager may at its discretion determine. The maximum and current rate of Subscription Charge (if any) and the manner in which it will be imposed are specified in the relevant Appendix. For the avoidance of doubt, a lower maximum rate of Subscription Charge may be imposed in relation to the issue of Units of a Sub-Fund as compared to other Sub-Funds and also in relation to different Classes of Units of a Sub- Fund.

The Manager may at any time increase the rate of Subscription Charge provided that any increase in the rate of Subscription Charge above the maximum rate of 5% of the subscription amount may only be made if such increase (i) will not impact on the existing investments of any Unitholder, and (ii) will be subject to any requirements of the Code.

The Manager may on any day differentiate between applicants or Classes of Units as to the amount of the Subscription Charge. The Subscription Charge will be retained by or paid to the Manager, its agents or delegates for their own absolute use and benefit.

Minimum Initial Subscription Amount and Minimum Subsequent Subscription Amount

Details of any Minimum Initial Subscription Amount and Minimum Subsequent Subscription Amount applicable to a Class of Unit or a Sub-Fund are set out in the relevant Appendix.

The Manager has the discretion to waive, change or accept an amount lower than the Minimum Initial Subscription Amount or Minimum Subsequent Subscription Amount from time to time, whether generally or in a particular case.

Application Procedures

Unless otherwise specified in the relevant Appendix, Applications for subscription of Units shall be made to the Transfer Agent, the Manager and/or the Authorised Distributor(s) by completing the Application Form and sending by facsimile to the Transfer Agent, the Manager and/or the Authorised Distributor(s) at the facsimile number on the Application Form supplied with this Explanatory Memorandum (or via such other means as determined by the Manager and the Trustee from time to time). The Transfer Agent, the Manager and/or the Authorised Distributor(s) may request further supporting documents and/or information to be provided together with the Application Form.

Applicants who choose to send an Application Form by facsimile bear the risk of the Application Form not being received by the Transfer Agent, the Manager and/or the Authorised Distributor(s). Applicants should therefore, for their own benefit, confirm with the Transfer Agent, the Manager and/or the Authorised Distributor(s) safe receipt of an Application Form.

In respect of Application Forms and subscription moneys in cleared funds which are received on or before the IOP Deadline, Units will be issued following the close of the Initial Offer Period. If Application Forms and/or application monies in cleared funds are received after the IOP Deadline, the relevant applications shall be carried forward to the next Subscription Day and shall be dealt with at the Issue Price on such Subscription Day.

Following the close of the Initial Offer Period, an Application Form received by the Transfer Agent, the Manager and/or the Authorised Distributor(s) by the Subscription Deadline of a Subscription Day will be dealt with on that Subscription Day. If an application for Units is received after the Subscription Deadline in respect of a Subscription Day then the application will be held over until the next Subscription Day provided that the Manager may, after taking into account the interest of other Unitholders of the relevant Sub-Fund, exercise its discretion to accept an application in respect of a Subscription Day which is received after the Subscription Deadline if it is received prior to the Valuation Point relating to that Subscription Day.

Applicants may apply for Units through an Authorised Distributor appointed by the Manager. Authorised Distributors may have different application forms and dealing procedures, including earlier cut-off times for receipt of applications and/or cleared funds. Applicants who intend to apply for Units through an Authorised Distributor should therefore consult such Authorised Distributor for details of the relevant dealing procedures.

Where an applicant applies for Units through an Authorised Distributor, the Trustee and the Manager will treat such Authorised Distributor (or its nominee) as the applicant. The Authorised Distributor (or its nominee) will be registered as Unitholder of the relevant Units. The Manager and the Trustee will treat the Authorised Distributor (or its nominee) as the Unitholder and shall not be responsible for any arrangements between the relevant applicant and the Authorised Distributor regarding the subscription, holding and redemption of Units and any related matters, as well as any costs or losses that may arise therefrom. The Manager will, however, take all reasonable care in the selection and appointment of Authorised Distributors.

Payment procedures

Payment for Units subscribed for cash during the Initial Offer Period and the Subscription Charge (if any) is due in cleared funds by the IOP Deadline. Following the close of the Initial Offer Period, payment for Units and the Subscription Charge (if any) is due at the expiry of the Payment Period.

If payment in full in cleared funds has not been received by the IOP Deadline or the relevant Payment Period (or such other period as the Manager may determine and disclose to the applicants), the Manager may (without prejudice to any claim in respect of the failure of the applicant to make payment when due) cancel any Units which may have been issued in respect of such application for subscription and the Manager must cancel the issue of the relevant Units if the Trustee so requires.

Upon such cancellation, the relevant Units shall be deemed never to have been issued and the applicant shall have no right to claim in respect thereof against the Manager or the Trustee, provided that: (i) no previous valuations of the relevant Sub-Fund shall be re-opened or invalidated as a result of the cancellation of such Units; (ii) the Manager and the Trustee may charge the applicant a Cancellation Fee to represent the administrative costs involved in processing the application for such Units from such applicant; and (iii) the Manager and the Trustee may require the applicant to pay (for the account of the relevant Sub-Fund in respect of each Unit so cancelled) the amount (if any), by which the Issue Price of each such Unit exceeds the Redemption Price of such Unit on the day of cancellation (if such day is a Redemption Day for the relevant class of Units) or the immediately following Redemption Day plus interest on such amount until receipt of such payment by the Trustee.

Payments for Units should normally be paid in the relevant Base Currency of the relevant Sub-Fund or Class 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 and the Manager and to applicable limit on foreign exchange, arrangement can be made for application to pay for Units in most of 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 bank draft (or other manner as may be agreed by the Manager). Cheques and bank drafts should be crossed "a/c payee only, not negotiable" and made payable to the accounts specified in the Application Form, stating 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 subscription moneys to a Sub-Fund will be payable by the applicant.

All application moneys must originate from an account held in the name of the applicant. No third party payments shall be accepted. The applicant should provide sufficient evidence as to the source of payment as the Manager and the Trustee may from time to time require.

Unitholders should normally allow at least three Business Days after subscription before switching or redeeming the Units.

No money should be paid to an intermediary in Hong Kong who is not licensed or registered to carry on Type 1 Regulated Activity (dealing in securities) under Part V of the Securities and Futures Ordinance.

General

The Manager has an absolute discretion to accept or reject in whole or in part any application for Units.

If an application is rejected (either in whole or in part) or the Manager determines that the relevant Class of Units or the relevant Sub-Fund and the Class or Classes of Units related to it will not be launched, subscription moneys (or the balance thereof) will be returned within 7 Business Days of the close of the Initial Offer Period where an application is made within such Initial Offer Period or the relevant Subscription Day where an application is made after the close of the Initial Offer Period without interest and after deducting any out-of-pocket fees and charges incurred by the Manager and the Trustee 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 applicant or in such other manner as the Manager and the Trustee may from time to time determine. Save for any liability imposed under the laws of Hong Kong or for breach of trust through fraud or negligence of the Trustee or the Manager, none of the Manager, the Trustee or their respective delegates or agents will be liable to the applicant for any loss the applicant suffers as a result of the rejection or delay of any application.

Units issued by the Fund will be held for investors in registered form. Certificates will not be issued. A contract note will be issued upon acceptance of an applicant's application and the receipt of cleared funds and will be forwarded to the applicant (at the risk of the person entitled thereto). In case of any error in a contract note, applicants should contact the relevant intermediaries or the Authorised Distributor promptly for rectification. Fractions of a Unit rounded down to 4 decimal places or such other decimal places as the Manager determines may be issued. Any amount corresponding to such rounding will accrue to the relevant Sub-Fund.

Restrictions on Issue

No Units of a Sub-Fund or a Class will be issued where the determination of the Net Asset Value of that Sub-Fund or Class and/or the allotment or issuance of Units of that Sub-Fund or Class is suspended (for further details see "***Suspension***" below) or when the Manager determines, with prior notification to the Trustee, that subscriptions for such Sub-Fund or Class of Units are closed.

REDEMPTION OF UNITS

Redemption of Units

Subject to the restrictions (if any) as specified in the relevant Appendix, any Unitholder may redeem his Units on any Redemption Day in whole or in part. Save where there is a suspension of the determination of the Net Asset Value of the relevant Sub-Fund or Class and/or the redemption of Units of the relevant Sub-Fund or Class, a redemption request once given cannot be revoked without the consent of the Manager.

Redemption Price

Units redeemed on a Redemption Day will be redeemed at the Redemption Price calculated by reference to the Net Asset Value per Unit of the relevant Class as at the Valuation Point on the Valuation Day in respect of that Redemption Day (for further details, see "***Valuation and Suspension - Calculation of Net Asset Value***" below).

In calculating the Redemption Price, the Manager may deduct such amount (if any) as the Manager may estimate as an appropriate allowance to reflect (i) 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 (ii) any relevant expenses (including stamp duty, other taxes, duties or governmental charges, brokerage, bank charges or transfer fees) which would be incurred for the account of the relevant Sub-Fund in realising assets or closing out positions to provide funds to meet any redemption request. For further details, please see "***Valuation and Suspension – Adjustment of Prices***" below.

The Redemption Price shall be rounded to 2 decimal places (0.005 and above being rounded up; below 0.005 being rounded down) or such other decimal places as the Manager determines. Any amount corresponding to such rounding will accrue to the relevant Sub-Fund.

If at any time during the period from the time as at which the Redemption Price is calculated and the time at which redemption proceeds are converted out of any other currency into the Base Currency of the relevant Sub-Fund or the Class Currency of the relevant Class there is an officially announced devaluation or depreciation of that currency, the amount payable to any relevant redeeming Unitholder may be reduced as the Manager considers appropriate to take account of the effect of that devaluation or depreciation.

Redemption Charge

The Manager may charge a Redemption Charge on the redemption of Units of a percentage of either (i) the Redemption Price per Unit; or (ii) the total redemption amount in relation to a redemption request, as the Manager may at its discretion determine. The maximum and current rate of Redemption Charge (if any) and the manner in which it will be imposed are specified in the relevant Appendix. For the avoidance of doubt, a lower maximum rate may be imposed in relation to the redemption of Units of a Sub-Fund as compared to other Sub-Funds and also in relation to different Classes of Units of a Sub-Fund.

The Manager may increase the rate of Redemption Charge payable up to or towards the maximum rate of 1% of the redemption amount for a Sub-Fund or a Class of Units, on giving at least one month's prior written notice to the Unitholders. The maximum rate of Redemption Charge of a Sub- Fund or a Class of Units may be increased with the sanction of an extraordinary resolution of the Unitholders of the relevant Sub-Fund or Class of Units (as the case may be) and subject to the SFC's prior approval.

For the purpose of calculating the Redemption Charge payable on a partial redemption of a Unitholder's holding, Units subscribed earlier in time are deemed to be redeemed prior to Units subscribed later in time unless the Manager and the Trustee agree otherwise.

The Redemption Charge will be deducted from the amount payable to a Unitholder in respect of the redemption of Units. The Redemption Charge will be retained by or paid to the Manager for its own absolute use and benefit or, if so stated in the relevant Appendix, retained by the relevant Sub-Fund. Where

the Redemption Charge is retained by the Manager, it may at its discretion, pay all or part of the Redemption Charge to its agents or delegates. The Manager shall be entitled to differentiate between Unitholders or Classes of Units as to the amount of the Redemption Charge (within the maximum rate of Redemption Charge).

Minimum Redemption Amount and Minimum Holding Amount

Details of any Minimum Redemption Amount and Minimum Holding Amount applicable to a Class of Unit or a Sub-Fund are set out in the relevant Appendix.

If a redemption request will result in a Unitholder holding Units of a Sub-Fund or a Class less than the Minimum Holding Amount for that Sub-Fund or Class, the Manager may deem such request to have been made in respect of all Units of the relevant Sub-Fund or Class held by that Unitholder.

The Manager has the discretion to waive, change or accept an amount lower than the Minimum Redemption Amount or Minimum Holding Amount from time to time, whether generally or in a particular case.

Redemption Procedures

Applications for redemption of Units may be made to the Transfer Agent, the Manager and/or the Authorised Distributor(s) by completing the Redemption Form and sent by facsimile to the Transfer Agent, the Manager and/or the Authorised Distributor(s) at the facsimile number on the Redemption Form (or via such other means as determined by the Manager and the Trustee from time to time). The Redemption Form is available from the Manager or the Authorised Distributor.

Unitholders who choose to send a Redemption Form by facsimile bear the risk of the Redemption Form not being received by the Transfer Agent, the Manager and/or the Authorised Distributor(s). Unitholders should therefore, for their own benefit, confirm with the Transfer Agent, the Manager and/or the Authorised Distributor(s) safe receipt of a Redemption Form.

A Redemption Form received by the Transfer Agent, the Manager and/or the Authorised Distributor(s) by the Redemption Deadline of a Redemption Day will be dealt with on that Redemption Day. If an application for redemption of Units is received after the Redemption Deadline in respect of a Redemption Day then the application will be held over until the next Redemption Day provided that the Manager may in the event of system failure which is beyond the reasonable control of the Manager or events of natural disaster after taking into account the interest of other Unitholders of the relevant Sub-Fund, exercise its discretion to accept a redemption request in respect of a Redemption Day which is received after the Redemption Deadline if it is received prior to the Valuation Point relating to that Redemption Day. Notwithstanding the aforesaid, where in the Trustee's reasonable opinion, the Trustee's operational requirements cannot support accepting any such redemption request, the Manager shall not exercise its discretion to accept any redemption request.

Investors redeeming Units through an Authorised Distributor should submit their redemption requests to the distributor or nominee in such manner as directed by the distributor or nominee. Distributors and nominees may have different redemption forms and redemption procedures, including earlier cut- off times for receipt of redemption requests. Where an investor holds its investment in Units through a nominee, the investor wishing to redeem Units must ensure that the nominee, as the registered Unitholder, submits the relevant redemption request by the Redemption Deadline. Redemption requests submitted after the applicable Redemption Deadline in respect of any Redemption Day will be dealt with on the next Redemption Day.

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

Payment of Redemption Proceeds

Redemption proceeds will normally be paid by direct transfer or telegraphic transfer in the Base Currency of the relevant Sub-Fund or the Class Currency of the relevant Class of Units to the pre- designated bank account of the Unitholder (at his risk and expense). No third party payments will be permitted. Any bank charges associated with the payment of such redemption proceeds will be borne by the redeeming Unitholder.

Unless otherwise specified in the relevant Appendix relating to a Sub-Fund and subject to the approval of the Manager, and to applicable limits on foreign exchange, redemption proceeds will be paid in the relevant Base Currency or Class Currency. Redemption proceeds may be paid in a currency other than the relevant Base Currency or Class Currency if so requested by the relevant redeeming Unitholders and agreed by the Manager.

Where redemption proceeds are paid in a currency other than the relevant Base Currency or Class Currency, they will be converted from the relevant Base Currency or Class Currency at the cost of the relevant redeeming Unitholders. Any conversion from the relevant Base Currency or Class Currency, will be at the prevailing market rate (whether official or otherwise) which the Manager deems appropriate in the circumstances having regard to any premium or discount which may be relevant and to costs of exchange. The cost of currency conversion (including but not limited to any bank charges and charges for telegraphic transfer) will be deducted from the redemption proceeds. Conversion of currency may be made at a premium or discount in exceptional circumstances such as where there is a huge fluctuation in the exchange rate. Save for any liability imposed under the laws of Hong Kong or for breach of trust through fraud or negligence of the Trustee or the Manager, none of the Manager, the Trustee or their respective agents or delegates will be liable to any Unitholder or any person for any loss suffered by such Unitholder arising from such currency conversion.

Redemption Proceeds will be paid within 7 Business Days after the relevant Redemption Day but in any event not exceeding one calendar month after the later of (i) the relevant Redemption Day and (ii) the day on which the Transfer Agent receives the duly completed Redemption Form and such other documents and information as the Trustee, the Manager, the Registrar, the Transfer Agent and/or the Authorised Distributor may require, 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) thus rendering the payment of the redemption money within the aforesaid time period not practicable. In such case, payment of redemption proceeds may be deferred, but the extended time frame for payment should reflect the additional time needed in light of the specific circumstances in the relevant market(s).

The Manager or the Trustee, as the case may be, may, in its absolute discretion, delay payment to the Unitholder until (a) if required by the Trustee, the Manager, the Registrar or the Transfer Agent, the original of the Redemption Form duly signed by the Unitholder has been received; (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 (or the Registrar or the Transfer Agent on behalf of the Trustee); and (c) the Unitholder has produced all documents or information required by the Trustee, the Manager, the Registrar and/or the Transfer Agent for the purpose of verification of identity.

The Manager or the Trustee, as the case may be, may, refuse to make a redemption payment to a Unitholder if either the Manager or the Trustee suspects or is advised that (i) such payment may result in a breach or violation of any anti-money laundering law or other laws or regulations by any person in any relevant jurisdiction; or (ii) such refusal is necessary or appropriate to ensure compliance by the Fund, the Manager, the Trustee or other service providers with any such laws or regulations in any relevant jurisdiction.

If the Manager or the Trustee is required or entitled by any applicable laws, regulations, direction or guidance, or by any agreement with any tax or fiscal authority to make withholdings from any redemption moneys payable to the Unitholder, the amount of such withholdings shall be deducted from the redemption moneys otherwise payable to such person, provided that the Manager or the Trustee is acting in good faith and on reasonable grounds.

Save for any liability imposed under the laws of Hong Kong or for breach of trust through fraud or negligence of the Trustee or the Manager, neither the Manager nor the Trustee nor their agents shall be liable for any loss caused by any refusal or delay in making payment as a result of delay in receipt of proceeds of realisation of the investments of the relevant Sub-Fund.

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

Restrictions on Redemption

No Units of a Sub-Fund or a Class may be redeemed where the determination of the Net Asset Value of that Sub-Fund or Class and/or the redemption of Units of that Sub-Fund or Class is suspended (for further details see "***Valuation and Suspension - Suspension***" below).

In respect of the CCBI Global Premium Selection Fund, the Manager may, after consultation with the Trustee, having regard to the best interests of Unitholders, limit the number of Units of the Sub-Fund redeemed on any Redemption Day (whether by sale to the Manager or by cancellation of Units) to 10% of the total number of Units of the Sub-Fund in issue.

In respect of any other Sub-Funds established on or after 1 January 2020, the Manager may, after consultation with the Trustee, having regard to the best interests of Unitholders, limit the number of Units of such Sub-Fund redeemed on any Redemption Day (whether by sale to the Manager or by cancellation of Units) to 10% of the total Net Asset Value or the total number of Units of the relevant Sub-Fund in issue.

In both instances, 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 Redemption Day will redeem the same proportion of such Units of that Sub-Fund. 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 Redemption Day and all following Redemption 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 promptly inform the Unitholders concerned within 7 Business Days of such Redemption Day.

Compulsory redemption of Units

If the Manager or the Trustee suspects that Units of any Class are owned directly or beneficially by any person:

(a) in contravention of any laws 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 person 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 their opinion might result in the relevant Sub-Fund, the Fund, the Trustee and/or the Manager incurring any liability to taxation or suffering any other pecuniary disadvantage which the Sub-Fund, the Fund, the Trustee and/or the Manager might not otherwise have incurred or suffered,

the Manager or the Trustee may:

(i) give notice requiring the relevant Unitholder to transfer the Units to a person who would not be in contravention of the above restrictions within 30 days of the date of the notice; or

(ii) deem receipt of a redemption request from the relevant Unitholder in respect of such Units.

Where the Manager or the Trustee has given such notice and the Unitholder has failed to either (i) transfer the relevant Units within 30 days of the date of the notice, or (ii) establish to the satisfaction of the Manager or the Trustee (whose judgment is final and binding) that the relevant Units are not held in contravention of any of the restrictions set out above, the Unitholder is deemed to have given a redemption request in respect of the relevant Units on the expiry of 30 days from the date of the notice.

Also, if a Sub-Fund becomes subject to a withholding tax as a result of FATCA or other legislation or obligations in other relevant jurisdictions, the Manager or the Trustee may, to the extent that it is permitted by applicable laws and regulations, compulsorily redeem some or all of the responsible Unitholder's Units and apply the proceeds thereof towards any corresponding withholding tax. The Manager and/or the Trustee may also bring legal action against the responsible Unitholder as disclosed under the section headed "***Foreign Account Tax Compliance Act***" in the section "***TAXATION***" in this Explanatory Memorandum. The Manager and/or the Trustee in taking any such action shall act in good faith and on reasonable grounds.

CONVERSION

Conversion of Units

Unless otherwise specified in the relevant Appendix, Unitholders shall be entitled (subject to such limitations as the Manager after consulting with the Trustee may impose) to convert all or part of their Units of any Class relating to a Sub-Fund (the "**Existing Class**") into Units of another Sub-Fund (the "**New Class**") available for subscription or conversion. Unless the Manager otherwise agrees, Units of a Class can only be converted into Units of the same Class of another Sub-Fund.

A request for conversion will not be effected if as a result the relevant Unitholder would hold less than the Minimum Holding Amount of the Existing Class, or is prohibited from holding Units of the New Class.

In addition, specific limitations or restrictions may apply when a Unitholder intends to convert his Units into another Class or Sub-Fund. The relevant limitations or restrictions (if any) will be set out in the Appendix for the relevant Sub-Fund.

Switching Fee

A Switching Fee may be charged by the Manager in respect of each Unit of the New Class to be issued upon such conversion of a percentage of –

(i) the Issue Price per Unit of the New Class as at the Valuation Point on the Valuation Day at which the Issue Price of such Units is ascertained; or

(ii) the total amount being converted into.

The maximum rate of Switching Fee is 1% of the Issue Price. The current rate of Switching Fee (if any) and the manner in which it will be imposed are specified in the relevant Appendix. For the avoidance of doubt, a lower maximum rate of Switching Fee may be imposed in relation to the conversion of Units of a Sub-Fund as compared to other Sub-Funds and also in relation to different Classes of Units of a Sub-Fund.

The Switching Fee shall be deducted from the amount reinvested into the Sub-Fund relating to Units of the New Class and shall be retained by or paid to the Manager for its own absolute use and benefit.

Where the Switching Fee is levied pursuant to paragraph (i) above, Units of the Existing Class will be converted into Units of the New Class in accordance (or as nearly as may be in accordance) with the following formula:-

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

Where the Switching Fee is levied pursuant to paragraph (ii) above, Units of the Existing Class will be converted into Units of the New Class in accordance (or as nearly as may be in accordance) with the following formula:-

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

Where in either case:-

N is the number of Units of the New Class to be issued, provided that amounts lower than the smallest fraction of a Unit of the New Class shall be ignored and shall be retained by the Sub-Fund relating to the New Class.

E is the number of Units of the Existing Class to be converted.

F is the currency conversion factor determined by the Manager for the relevant Subscription Day of the New Class as representing the effective rate of exchange between the Class Currency of Units of the Existing Class and the Class Currency of Units of the New Class.

R is the Redemption Price per Unit of the Existing Class applicable on the relevant Redemption Day less any Redemption Charge imposed by the Manager.

S is the Issue Price per Unit for the New Class applicable on the Subscription Day for the New Class coincident with or immediately following the relevant Redemption Day for the Existing Class PROVIDED THAT where the issue of Units of the New Class is subject to the satisfaction of any conditions precedent to such issue then S shall be the Issue Price per Unit of the New Class applicable on the first Subscription Day for the New Class falling on or after the satisfaction of such conditions.

SF is a Switching Fee (if any).

If there is, at any time during the period from the time as at which the Redemption Price per Unit of the Existing Class is calculated up to the time at which any necessary transfer of funds from the Sub- Fund to which the Existing Class relates ("**Original Sub-Fund**") to the Sub-Fund to which the New Class relates takes place, a devaluation or depreciation of any currency in which any investment of the Original Sub-Fund is denominated or normally traded, the Manager may at its discretion reduce the Redemption Price as the Manager consider appropriate to take account of the effect of that devaluation or depreciation and in such event the number of Units of the New Class to be allotted to any relevant Unitholder shall be recalculated in accordance with the relevant formula set out above as if that reduced Redemption Price had been the Redemption Price ruling for redemptions of Units of the Existing Class on the relevant Redemption Day.

Conversion Procedures

Applications for conversion of Units may be made to the Transfer Agent, the Manager and/or the Authorised Distributor(s) by completing the Conversion Form and sent by facsimile to the Transfer Agent, the Manager and/or the Authorised Distributor(s) at the facsimile number on the Conversion Form (or via other means as determined by the Manager and the Trustee from time to time). The Conversion Form is available from the Manager or the Authorised Distributor.

Conversion Forms should be received by the Transfer Agent, the Manager and/or the Authorised Distributor(s) by the Redemption Deadline. Conversion Forms which is received by the Transfer Agent, the Manager and/or the Authorised Distributor(s) by the Redemption Deadline applicable to the Existing Class or such later time as the Manager may think fit on a Redemption Day (but prior to the Valuation Point relating to the relevant Redemption Day) in relation to such Existing Class will be dealt with on that Redemption Day and Conversion Forms received after such time will be dealt with on the following Redemption Day in relation to such Existing Class. Conversion Forms may not be withdrawn without the consent of the Manager.

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

Restrictions on Conversion

Units shall not be converted during any period when the determination of the Net Asset Value of any relevant Sub-Fund is suspended (for further details see "***Valuation and Suspension - Suspension***" below) or when the Manager determines, with prior notification to the Trustee, that subscriptions for Units of the New Class are closed.

VALUATION AND SUSPENSION

Calculation of Net Asset Value

The Net Asset Value of each Sub-Fund and the Net Asset Value per Unit of each Class will be calculated in accordance with the Trust Deed as at the Valuation Point on each Valuation Day. The Trust Deed provides among others that:-

(A) Listed Investments

The value of any investment (including unit, share or other interest in a collective investment scheme quoted, listed or normally dealt in on a Securities Market but excluding unit, share or other interest in an unlisted Collective Investment Scheme or a commodity) quoted, listed, traded or normally dealt in on a Securities Market shall at the discretion of the Manager be calculated by reference to the last traded price or closing price as calculated and published by the Securities Market (which, in the opinion of the Manager, provides the principal Securities Market for such investment) on which the investment is quoted, listed, traded or normally dealt in for such amount of such investment at or immediately preceding the Valuation Point, as the Manager may consider in the circumstances to provide a fair criterion, provided that:-

(i) 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, after consultation with the Trustee, adopt such prices.

(ii) If an investment is quoted, listed or normally dealt in on more than one Securities Market, the Manager shall adopt the price on the market which is considered the principal market for such investment.

(iii) In the case of any investment which is quoted, listed or normally dealt in on a Securities Market but in respect of which, for any reason, prices on that Securities Market may not be available at any relevant time, the value thereof shall be certified by such firm or institution making a market in such investment as may be appointed for such purpose by the Manager after consultation with the Trustee.

(iv) There shall be taken into account interest accrued on interest-bearing investments up to (and including) the date as at which the valuation is made, unless such interest is included in the quoted or listed price.

(B) Unquoted Investments

The value of any investment (other than an interest in a collective investment scheme or a commodity) which is not quoted, listed or normally dealt in on a Securities Market shall be the initial value thereof equal to the amount expended out of the relevant Sub-Fund in the acquisition thereof (including in each case the amount of the stamp duties, commissions and other acquisition expenses) provided that the value of any such unquoted investments shall be determined on a regular basis by a professional person approved by the Trustee as qualified to value such unquoted investment. Such professional person may, with the approval of the Trustee, be the Manager.

(C) Cash, Deposits etc.

Cash, deposits and similar investments shall be valued at their face value (together with accrued interest) unless, in the opinion of the Manager after consultation with the Trustee, any adjustment should be made to reflect the value thereof.

(D) Collective Investment Scheme

The value of each unit, share or other interest in any collective investment scheme (other than a unit, share or other interest in a collective investment scheme quoted, listed, traded or normally dealt in on a Securities Market) shall be the net asset value per unit, share or other interest as at the same day the Net Asset Value of the relevant Sub-Fund is calculated, or if such collective investment scheme is not valued as at the same day, the last published net asset value per unit, share or other interest in such collective investment scheme (where available) or (if the same is not available) the latest available bid price for such a unit, share or other interest at or immediately preceding the Valuation Point.

If no net asset value, bid and ask prices or price quotations are available, the value of each unit, share or other interest shall be determined from time to time in such manner as the Trustee and the Manager shall determine.

(E) Other Valuation Methods

Notwithstanding paragraphs (a) to (d) above, the Manager may, after consultation with the Trustee, adjust the value of any investment or permit some other method of valuation to be used if, having regard to currency, applicable rate of interest, maturity, marketability and other considerations it deems relevant, it considers that such adjustment or use of such other method is required to reflect the fair value thereof.

For instance, where the market value of an investment is unavailable or where the Manager reasonably believes that no reliable price exists or the most recent price available does not reflect a price the relevant Fund would expect to receive upon the current sale of the investment, the Manager may value the investment at a price which the Manager believes reflects a fair and reasonable price for that investment in the prevailing circumstances.

(F) Conversion to Base Currency

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 shall deem appropriate in the circumstances having regard to any premium or discount which may be relevant and to costs of exchange. Conversion of currency may be made at a premium or discount in exceptional circumstances such as where there is a huge fluctuation in the exchange rate.

(G) Reliance on Price Data and Information provided through Electronic Price Feeds etc.

Subject as provided below, when calculating the Net Asset Value of a Sub-Fund, price data and other information in relation to the value of any investment or the cost price or sale price thereof provided through electronic price feeds, mechanised or electronic systems of price or valuation, or valuation or pricing information which is provided by any valuer, third party valuation agent, intermediary or other third party appointed or authorised to provide valuations or pricing information of the investments or the assets of the Sub-Fund may be relied upon without verification, further enquiry or liability notwithstanding that the prices so used are not the last traded prices or closing prices.

Where a third party is engaged in the valuation of the assets of a Fund, the Manager shall exercise reasonable skill, care and diligence in the selection, appointment and ongoing monitoring of such third party in ensuring such entity possesses the appropriate level of knowledge, experience and resources commensurate with the valuation policies and procedures of such Fund.

Investors should note that, under HKFRS, investments should be valued at fair value and also that, under HKFRS, price within the bid and ask pricing is considered to be representative of the fair value of investments. However, the valuation basis described above may deviate from the HKFRS which may lead

to a different valuation had the valuation been performed in accordance with HKFRS. The Manager has considered the impact of such non-compliance and do not expect this issue to affect the results and Net Asset Value of a Sub-Fund materially. To the extent that the valuation basis adopted by the relevant Sub-Fund deviates from HKFRS, the Manager may make necessary adjustments in the annual financial statements for the financial statements to be in compliance with HKFRS.

The Manager may, after consultation with the Trustee, arrange for a revaluation of the Net Asset Value of a Unit of any Class if it considers that the Net Asset Value per Unit of the relevant Class calculated in relation to any Subscription Day or Redemption Day (as the case may be) does not accurately reflect the true value of such Unit. Any revaluation will be made on a fair and equitable basis.

Adjustment of Prices

In calculating the Issue Price, the Manager may add fiscal and purchase charges (see "***Investing in the Fund – Issue Price***" above) and in calculating the Redemption Price, the Manager may deduct fiscal and sale charges (see "***Redemption of Units – Redemption Price***" above).

The Manager will only make such adjustment to the Issue Price and Redemption Price with a view to protecting the interests of Unitholders under exceptional circumstances as determined by the Manager from time to time. Where necessary the Manager will seek the view of the Trustee prior to any adjustment in the Issue Price or Redemption Price and such adjustment would only be made where the Trustee has no objection to it. Exceptional circumstances for adjusting the Issue Price or Redemption Price may include (a) the aggregate net transactions (either net subscriptions or net redemptions) in Units having exceeded a pre-determined threshold set by the Manager from time to time; and/or (b) extreme market conditions which may have an unfavourable impact on the interests of existing Unitholders. In such circumstances the Net Asset Value per Unit of the relevant Class may be adjusted by an amount which reflects the dealing costs that may be incurred by the relevant Sub-Fund and the estimated bid/offer spread of the assets in which the relevant Sub-Fund invests.

For the avoidance of doubt,

(A) the Issue Price and Redemption Price, prior to any adjustment, will be determined with reference to the same Net Asset Value per Unit of the relevant Class; and

(B) it is not the intention of the Manager to adjust the Issue Price upwards and the Redemption Price downwards for the same Subscription Day and Redemption Day; and

(C) any adjustment in the Issue Price or Redemption Price must be made on a fair and equitable basis.

Suspension

The Manager may, after consultation with the Trustee, having regard to the best interests of Unitholders, declare a suspension of the determination of the Net Asset Value of any Sub-Fund or of any Class of Units and/or the issuance, conversion and/or the redemption of Units for the whole or any part of any period during which:-

(A) there is a closure (other than customary weekend and holiday closing) of or the restriction or suspension of trading on any commodities market or Securities Market on which a substantial part of the investments of that Sub-Fund is normally traded or a breakdown in any of the means normally employed in ascertaining the prices of investments or the Net Asset Value of a 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 after consultation with the Trustee, reasonably, promptly or fairly be ascertained; or

(C) circumstances exist as a result of which, in the opinion of the Manager after consultation with the Trustee, it is not reasonably practicable to realise a substantial part of the 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 Units 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, a substantial part of the investments of that Sub-Fund or the issue or redemption of Units of the relevant Class is delayed or cannot, in the opinion of the Manager after consultation with the Trustee, 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 or the Trustee reasonably or fairly be ascertained or cannot be ascertained in a prompt or accurate manner; or

(F) when, in the opinion of the Manager after consultation with the Trustee, 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 or 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 a force majeure event; or

(I) when the Unitholders or the Manager have resolved or given notice to terminate that Sub-Fund; or

(J) such other circumstance or situation exists as set out in the Appendix of that Sub-Fund.

If a suspension is declared, during such a period of suspension –

(A) where the suspension is in respect of the determination of the Net Asset Value, there shall be no determination of the Net Asset Value of the relevant Sub-Fund and the Net Asset Value per Unit of that Sub-Fund (or a Class thereof) (although an estimated Net Asset Value may be calculated and published) and any applicable issue or request for conversion or redemption of Units shall be similarly suspended. If a request for subscription, conversion or redemption of Units are received by the Manager during a period of suspension and not withdrawn, such request shall be treated as if it were received in time to be dealt with on the Subscription Day or the Redemption Day (as the case may be) next following the end of the said suspension and dealt with accordingly;

(B) where the suspension is in respect of the allotment or issue, conversion and/or the redemption of Units, there shall be no allotment, issue, conversion and/or redemption of Units. For the avoidance of doubt, the allotment, issue, conversion or redemption of Units may be suspended without suspending the determination of the Net Asset Value.

A suspension shall take effect forthwith upon the declaration thereof 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 notify the SFC of such suspension and shall, as soon as may be practicable after any such

declaration and at least once a month during the period of such suspension, cause a notice to be published in the Local Newspapers or with the prior approval of the SFC, cause such notice to be published in any other media and/or cause a notice to be given to Unitholders of the Class relating to the relevant Sub-Fund and to all those (whether Unitholders or not) whose applications to subscribe for or redeem Units shall have been affected by such suspension stating that such declaration has been made.

DISTRIBUTION POLICY

The distribution policy adopted by a Sub-Fund is set out in the relevant Appendix of such Sub-Fund. A Sub-Fund may offer Classes of Units that accumulate income ("**Accumulation Classes**") or pay regular distributions out of net distributable income or capital or gross income of such Sub-Fund ("**Distribution Classes**").

Accumulation Classes

No distribution is intended to be made in respect of Accumulation Classes. Therefore, any net income and net realised capital gains attributable to Units of the Accumulation Classes will be reflected in their respective Net Asset Value.

Distribution Classes

For Distribution Classes, the Manager will declare and pay distributions in such amount, on such date and at such frequency as the Manager may determine. However, unless otherwise specified in the relevant Appendix, there is neither a guarantee that such distributions will be made nor will there be a target level of distributions payout.

The Manager will also have the discretion to determine if and to what extent distributions will be paid out of capital attributable to the relevant Distribution Class.

In the event that the net distributable income attributable to the relevant Distribution Class during the relevant period is insufficient to pay distributions as declared, the Manager may in its discretion determine such dividends be paid from capital. Payment of dividends out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of a Sub-Fund's capital may result in an immediate reduction of the Net Asset Value per Unit of the relevant Distribution Class.

The composition of the distributions (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months (if any) are available by the Manager on request and also on the Manager's website http://www.ccbintl.com.hk/. Investors should note that the aforesaid website has not been reviewed or authorised by the SFC.

Distributions of a Distribution Class declared, if any, shall be distributed among the Unitholders of the relevant Distribution Class rateably in accordance with the number of Units held by them on the record date as determined by the Manager with the approval of the Trustee in respect of the corresponding distribution. 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 distribution.

Distributions may be paid in cash or may be applied to subscribe for additional Units in the relevant Class of the relevant Sub-Fund at the option of the Unitholder as indicated in its Application Form. Unitholders may change their distribution option by giving not less than 7 days' written notice to the Manager. Any payment of distributions in cash will normally be paid by direct transfer or telegraphic transfer in the Class Currency of the relevant Distribution Class to the pre-designated bank account of the Unitholder (at his risk and expense). No third party payments will be permitted.

The Manager may amend the dividend policy subject to obtaining the SFC's prior approval and by giving not less than one month's prior notice to Unitholders.

FEES AND EXPENSES

Management Fee

The Manager is entitled to receive in respect of a Sub-Fund (or any Class thereof), a management fee calculated and accrued as at the Valuation Point on each Valuation Day and payable monthly in arrears as a percentage of the Net Asset Value of such Sub-Fund (or such Class) as at each Valuation Day at the rates as specified in the relevant Appendix subject to a maximum fee of 2% per annum of the Net Asset Value of such Sub-Fund.

Performance Fee

The Manager may charge a performance fee in respect of a Sub-Fund (or any Class thereof), payable out of the assets of the relevant Sub-Fund (or the relevant Class). If a performance fee is charged, further details will be provided in the Appendix for the relevant Sub-Fund, including the current rate of the performance fee payable and the basis of calculation of such fee.

The Manager reserves the right to waive or rebate any fees to which it is entitled, whether in part or in full and whether in respect of a particular investor or generally. The Manager may share any fees it receives with any person(s) as it deems appropriate.

Trustee Fee

The Trustee is entitled to receive a fee which is charged as a percentage of the Net Asset Value of the relevant Sub-Fund on each Valuation Day, at the rates specified in the Appendix and subject to a minimum monthly fee (if any) as specified in the relevant Appendix. The Trustee's fee is calculated and accrued as at the Valuation Point on each Valuation Day and payable monthly in arrears out of the assets of the relevant Sub-Fund. The fee payable to the Trustee is subject to a maximum rate of 1.0% per annum of the Net Asset Value of the relevant Sub-Fund, subject to a minimum monthly fee (if any) as specified in the relevant Appendix of the Sub-Fund. The trustee fee is inclusive of fees payable to the Custodian, the Registrar and Transfer Agent and the RQFII Custodian, if applicable, unless otherwise specified in the Appendix.

It is also entitled to receive various transaction, processing, valuation fees, transfer agency and other applicable fees as agreed with the Manager from time to time and to be reimbursed by the relevant Sub-Fund for all out-of-pocket expenses (including custody and sub-custody fees and expenses) properly incurred by it in the performance of its duties.

Notice for Fee Increase

Unitholders shall be given not less than one month's prior notice should there be any increase of the management fee, performance fee or Trustee's fee (which is inclusive of fees payable to the Custodian, the Registrar and Transfer Agent and the RQFII Custodian, if applicable,) from the current level up to the maximum level. Any increase in the maximum level of the management fee, performance fee or Trustee's fee (which is inclusive of fees payable to the Custodian, the Registrar and Transfer Agent and the RQFII Custodian, if applicable,) of a Sub-Fund (or any Class thereof) shall be subject to the SFC's prior approval and the sanction of extraordinary resolution of the Unitholders of such Sub-Fund (or such Class).

Establishment Costs

The general establishment costs of the Fund will be borne evenly by each of its Sub-Funds, and each Sub-Fund's specific establishment costs will be borne by the respective Sub-Fund, in such amount as set out in the Appendix of each of the Sub-Funds. The establishment costs will be amortised over the Amortisation Period. 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 the Amortisation Period.

Investors should also note that under HKFRS, establishment costs should be expensed as incurred and that amortisation of the expenses of establishing Sub-Funds is not in accordance with HKFRS; however, the Manager has considered the impact of such non-compliance and has considered that it will not have a material impact on the financial statements of Sub-Funds. To the extent that the accounting basis adopted by a Sub-Fund deviates from HKFRS, the Manager may make necessary adjustments in the annual financial statements for the financial statements to be in compliance with HKFRS.

General Expenses

Each Sub-Fund will bear the costs (including those set out below) 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.

Such costs include but are not limited to the costs of investing and realising the investments of the Sub-Funds, the fees and expenses of the custodian, registrar and the auditors, valuation costs, legal fees, the expenses incurred by the Manager and the Trustee in establishing the Fund and Sub-Funds and costs in connection with the initial issue of Units or a Class of Units, the costs incurred in connection with the preparation of supplemental deeds or any listing or regulatory approval, the costs of holding meetings of Unitholders and of giving notices to Unitholders, the costs incurred in terminating the Fund or any Sub-Fund or any Class of Units, the fees and expenses of the Trustee which are agreed by the Manager in connection with time and resources incurred by the Trustee reviewing and producing documentation in connection with the operation of any Sub-Fund including the filing of annual returns and other statutory information required to be filed with any relevant regulatory authority and the costs incurred in the preparation and printing of any explanatory memorandum, all costs incurred in publishing the Net Asset Value of a Sub-Fund, Net Asset Value per Unit, Issue Price and Redemption Price of Units, all costs of preparing, printing and distributing all statements, financial reports, the expenses of preparing and printing any offering document, and any other expenses, deemed by the Manager and approved by the Auditors, to have been incurred in compliance with or 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 any code relating to unit trusts. The Sub-Funds will also pay, out of the assets of the Sub-Funds, the annual fee of the Fund.

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.

Transactions with Connected Persons, Cash Rebates and Soft Dollars

All transaction carried out by or on behalf of the Fund or a Sub-Fund must be executed at arm's length and in the best interests of the Unitholders. In particular, any transactions between the Sub-Fund and the Manager, the Investment Delegate or any of their connected persons as principal may only be made with the prior written consent of the Trustee. All such transactions will be disclosed in the annual report of the Fund and/or the relevant Sub-Fund. In transacting with brokers or dealers connected to the Manager, the Investment Delegate or any of their connected persons, the Manager must ensure that:

(A) such transactions are on arm's length terms and executed on the best available terms in compliance with applicable laws and regulations;

(B) it uses due care in the selection of such brokers or dealers and ensure that they are suitably qualified in the circumstances;

(C) transaction execution must be consistent with applicable best execution standards;

(D) the fee or commission paid to any such broker or dealer in respect of a transaction must not be greater than that which is payable at the prevailing market rate for a transaction of that size and nature;

(E) it monitors such transactions to ensure compliance with its obligations; and

(F) the nature of such transactions and the total commissions and other quantifiable benefits received by such broker or dealer shall be disclosed in the annual report of the Fund and/or the relevant Sub-Fund.

None of the Manager, the investment delegate nor any of their 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 dollars) as described in the paragraph below may be retained. 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 and the Manager's soft dollar policies and practices, including a description of the types of goods and services that may be acquired through soft dollar policies and practices, and the measures taken to minimise conflict of interest will be disclosed in the annual and interim financial reports of the Fund and/or 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 or services 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. The Manager shall procure that no such arrangements are entered into unless:

(A) the goods and services to be provided pursuant thereto are of demonstrable benefit to the Unitholders (taken as a body and in their capacity as such) whether by assisting the Manager in its ability to manage the relevant Sub-Fund or otherwise;

(B) the transaction execution is consistent with best execution standards;

(C) brokerage rates are not in excess of customary institutional full-service brokerage rates;

(D) adequate prior disclosure is made in the Prospectus the terms of which the Unitholders has consented to;

(E) periodic disclosure is made in the Trust's and/or a Sub-Fund's annual financial reports in the form of a statement describing the soft dollar policies and practices of the Manager or its investment delegate, including a description of goods and services received by them; and

(F) the availability of soft dollar arrangements is not the sole or primary purpose to perform or arrange transaction with such broker or dealer.

Such goods and services may include research and advisory services, economic and political analysis, portfolio analysis including valuation and performance measurement, market analysis, data and quotation services, computer hardware and software incidental to the above goods and services, clearing and custodian services and investment-related publications. 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.

The following summary of taxation in Hong Kong and other jurisdictions is of a general nature, is for information purposes only, and is not intended to be an exhaustive list of all of the tax considerations that may be relevant to a decision to purchase, own, redeem or otherwise dispose of Units. This summary does not constitute legal or tax advice and does not purport to deal with the tax consequences applicable to all categories of Unitholders. Prospective Unitholders should consult their own professional advisers as to the implications of their subscribing for, purchasing, holding, redeeming or disposing of Units both under the laws and practice of Hong Kong and the laws and practice of their respective jurisdictions. The information below is based on the law and practice in force in Hong Kong and the relevant jurisdictions at the date of this Explanatory Memorandum. The relevant laws, rules and practice relating to tax are subject to change and amendment (and such changes may be made on a retrospective basis). As such, there can be no guarantee that the summary provided below will continue to be applicable after the date of this Explanatory Memorandum. Furthermore, tax laws can be subject to different interpretations and no assurance can be given that relevant tax authorities will not take a contrary position to the tax treatments described below.

Hong Kong Taxation

The Fund/ Sub-Fund(s)

(A) Profits Tax:

For so long as the Fund maintains its authorisation as a collective investment scheme under Section 104 of the SFO, any sums received or accrued to the Fund will not be subject to Hong Kong Profits Tax under Section 26A(1A)(a)(i) of the Inland Revenue Ordinance.

(B) Stamp *Duty*:

Hong Kong Stamp Duty is ordinarily payable on the sale or purchase of Hong Kong stock. "Hong Kong stock" is defined in the Stamp Duty Ordinance ("**SDO**") as "stock" (as further defined in the SDO) the transfer of which is required to be registered in Hong Kong.

If the Fund invests in Hong Kong stock, it could be subject to Hong Kong stamp duty of 0.1% (borne by each of the buyer and seller) on the higher of the consideration amount or market value. In addition, a fixed duty of HK$5.00 is currently payable on any instrument of transfer.

The Unitholders

(A) Profits Tax:

Unitholders will generally not be subject to any Hong Kong profits tax on distributions from the Fund.

Unitholders will not be subject to Hong Kong profits tax on the gains realised on the disposal or redemption of any Units if the Unitholders do not carry on a trade, profession or business in Hong Kong or the Units are held by the Unitholders as capital assets for Hong Kong profits tax purposes. For Unitholders carrying on a trade, profession or business in Hong Kong, the gains realised on the disposal or redemption of any Units may be subject to Hong Kong profits tax (which is currently charged at the rate of 16.5% in the case of corporations, and 15% in the case of individuals and unincorporated business) if the gains in question arise in or are derived from such trade, profession or business and sourced in Hong Kong.

The Inland Revenue (Amendment) (No. 3) Ordinance 2018, which seeks to implement a two-tier profits tax system in Hong Kong, was enacted on 21 March 2018. Under the regime, the profits tax rate for the first HK$2 million of assessable profits of corporations and unincorporated businesses are lowered to 8.25% and 7.5% (i.e. half of the prevailing Hong Kong profits tax rates) respectively, with certain exceptions. There is no withholding tax on dividends and interest in Hong Kong.

(B) Stamp *Duty*:

Hong Kong stamp duty will not be payable by the Unitholders on the issuance of Units, redemption of Units, or the sale or transfer of the Units effected by extinguishing the Units or the sale or transfer is to the Manager who subsequently re-sells the Units within two months thereof.

Pursuant to the Remission by Class issued by the Secretary for the Treasury on 20 October 1999, transfer of Hong Kong stocks to the Fund in exchange for allotment of Units or transfer of Hong Kong stocks from the Fund in consideration for redemption of Units, subject to application, is exempt from Hong Kong stamp duty, to the extent that the Fund remains authorised as a collective investment scheme by the SFC under Section 104 of the SFO.

Other types of sales or purchases or transfers of the Units by Unitholders should be liable to Hong Kong stamp duty of 0.1% (borne by each of the buyer and seller) on the higher of the consideration amount or market value. In addition, a fixed duty of HK$5.00 is currently payable on any instrument of transfer of Units.

The above information relating to taxation is based on the enacted laws and current practice of the Inland Revenue Department of Hong Kong. It is not comprehensive and is subject to change. Prospective investors should consult their own professional advisers as to the implications of buying, holding or disposing of Units and to the provision of the laws of the jurisdiction in which they are subject to tax.

PRC Taxation

The Fund/ Sub-Fund(s) may invest in securities including (i) debt securities issued within China, (ii) money market instruments issued within China, (iii) China A-Shares listed in the PRC or (iv) other permissible investments in the PRC via RQFII. By investing in PRC Securities, the Fund/ Sub- Fund(s) may be subject to withholding income tax and other taxes imposed in the PRC.

The Fund/ Sub-Fund(s)

(A) *Corporate Income Tax ("**CIT**"):*

Under general PRC tax law, if the Fund is considered as a Mainland Chinese tax resident, it will be subject to Mainland China Corporate Income Tax ("CIT") at 25% on its worldwide taxable income. If the Fund is considered a non-Mainland China resident but has a permanent establishment ("PE") in Mainland China, the profits attributable to that PE would be subject to Mainland China CIT at 25%. If the Fund is a non-Mainland China resident without PE in Mainland China, the income derived by it from its investments would in general be subject to 10% withholding CIT in the Mainland China, unless exempt or reduced under specific tax circulars or relevant tax treaty.

In respect of equity interest investments such as China A-Shares, the Ministry of Finance, the State Administration of Taxation and the China Securities Regulatory Commission have promulgated circulars Caishui [2014] No. 81 and Caishui [2016] No. 127 on 14 November 2014 and 5 November 2016 respectively to clarify the relevant Mainland China tax treatment. Pursuant to the Circular on the Taxation Policy of the Pilot Programme for the Mutual Stock Market Access between Shanghai and Hong Kong Stock Markets and the Circular on Taxation Policy of the Pilot

Programme for the Mutual Stock Market Access between Shenzhen and Hong Kong Stock Markets, in respect of trading through Stock Connect:

i. Hong Kong market corporate investors shall be temporarily exempt from Mainland China CIT on gains realized from the transfer of China A-Shares listed on the Shanghai Stock Exchange and Shenzhen Stock Exchange with effect from 17 November 2014 and 5 December 2016 respectively; and

ii. Hong Kong market corporate investors are required to pay Mainland China withholding income tax on dividend distributed by China A-Shares companies at a standard rate of 10%. Such Mainland China withholding income tax shall be withheld and paid to the in-charge PRC tax bureau of the relevant China A-Share company (before HKSCC is able to provide details such as investor identities and holding periods to the CSDCC, the policy of differentiated rates of taxation based on holding periods will temporarily not be implemented).

Interests derived from government bonds are exempt from PRC income tax under the CIT Law.

Unless a specific exemption is applicable, for recipients that are treated as non-residents in PRC under the CIT Law, an income WHT 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 WHT 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. If the sub-fund can be considered as a beneficial owner of the interest income, it may be eligible for the preferential treaty rate. Otherwise, the general rate of 10% will be applicable to the relevant sub-fund.

Effective from 7 November 2018 to 6 November 2021, bond interest income derived by foreign institutional investors in the China bond market is exempted from CIT, as is provided in the Caishui [2018] No. 108 released by the Ministry of Finance of the PRC and the State Administration of Taxation on 22 November 2018 ("Caishui [2018] No. 108"). Such exemption does not apply to interest income derived by a PE of the foreign institutional investors in the PRC.

Aside from the above-mentioned general rules, the PRC tax authorities have not clarified whether CIT are payable by foreign institutional investors on gains arising from the trading in securities that do not constitute shares or other equity investments, such as bonds and other fixed income securities. It is therefore possible that the relevant tax authorities may, in the future, clarify the tax position and impose CIT or other taxes on realized gains by foreign institutional investors from dealing in PRC debt securities. As a matter of practice, the PRC tax authorities have not levied PRC WHT on capital gains realised by foreign institutional investors from the trading of PRC debt securities.

Pursuant to Guoshuihan [2009] No. 47, dividend derived by QFII shall be subject to 10% WIT, which may be reduced if treaty applies.

According to Announcement of the State Administration of Taxation [2015] No.7 ("**Announcement 7**") issued by SAT on 3 February 2015, if the Fund/ Sub-Fund(s) disposed indirectly of a PRC investment without reasonable commercial purposes, the PRC tax authorities may re-characterize the indirect disposal as direct disposal of PRC investment and apply 10% PRC WIT on the capital gain derived. However, if either condition stated below could be satisfied with, it could be deemed as with reasonable commercial purpose, including:

1. Buy and sell shares of the same overseas listed company in a public market; or

2. The capital gains derived is exempted from PRC CIT according to the applicable double tax treaty/ arrangement if the Fund/ Sub-Fund(s) otherwise directly holds and disposes the PRC taxable assets.

Meanwhile, to mitigate or avoid the tax risk of default on paying tax, the Fund/ Sub- Fund(s) may choose to report the disposal of the PRC investment to the PRC tax authorities under the circumstances specified in Announcement 7.

Pursuant to Caishui [2015] No.125 ("**Circular 125**") income derived from disposal gains of Recognised Mainland Funds by Hong Kong Investors is temporarily exempt from CIT. Income derived from distributions from Recognised Mainland Funds by Hong Kong investors would not be subject to CIT accordingly.

(B) *Value Added Tax ("**VAT**") and surtaxes*

Pursuant to Circular Caishui [2016] No. 36 ("**Circular 36**") and the Caishui [2016] No. 127, Hong Kong market investors (including corporate and individual investors) are exempted from VAT on gains arising from the trading of China A-Shares through Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect and from the trading of Recognised Mainland Funds by Hong Kong investors.

Pursuant to Caishui [2018] No. 108, interest income of bonds derived by foreign institutional investors in the China bond market is exempted from VAT for three years effective from 7 November 2018 to 6 November 2021.

There is no specific written guidance by the PRC tax authorities on the treatment of VAT in respect of gains derived by foreign institutional investors from trading in China interbank bond market ("CIBM"). In light of the uncertainty, reference is made to Caishui [2016] No. 36 and Caishui [2016] No. 70 to determine the potential tax liability where capital gains derived from investment in China interbank local currency markets (including money market, bond market and FDI market) by financial institutions, which are approved by People's Bank of China, are exempt from VAT.

According to Caishui [2016] No. 36, Caishui [2016] No. 70, and Caishui [2016] No. 127, the following income from the transfer of financial instruments should be exempted from VAT:

1. Gains derived by QFIIs and RQFII from the trading of onshore PRC Securities (including China A-Shares and other listed PRC Securities);

2. Gains derived from the trading of certain shares (the scope of shares could be invested was specified by relevant regulations and may be subject to modification from time to time) listed in Shanghai / Shenzhen Stock Exchange through Shanghai / Shenzhen – Hong Kong Stock Connect Program; and

3. Gains derived by Hong Kong market investors from the trading of PRC funds under the Mainland-Hong Kong mutual recognition of funds.

If VAT is applicable, there are also other surtaxes (which include Urban Construction and Maintenance Tax, Education Surcharge and Local Education Surcharge) that would amount to as high as 12% of VAT payable. Other than the VAT exemption in the paragraph above, Circular 36 shall apply to levy VAT at 6% on the difference between the selling and purchase prices in trading of other marketable securities.

(C) *Stamp Duty ("**SD**")*

SD should apply to the execution and receipt in the PRC of all dutiable documents listed in the PRC's Provisional Rules on SD.

According to Caishui [2015] No. 125, SD is temporarily exempted for the subscription, redemption, purchase, sales, transfer or inheritance of units/shares of Recognised Mainland Funds by Hong Kong Investors. However, pursuant to Caishui [2014] No. 79 and Caishui [2016] No. 127, SD for the trading of securities or shares by Hong Kong market investors through the Shanghai / Shenzhen-Hong Kong Stock Connect shall be paid according to the prevailing PRC SD provisions.

(D) *Tax provisions:*

It is the intention of the Manager to operate the affairs of the Manager and the Fund such that they are not tax resident enterprises and have no PE in the PRC for PRC CIT purposes, although this cannot be guaranteed.

There are risks and uncertainties associated with the current PRC tax laws, regulations and practice in respect of income realized via access products on the Fund's investments in the PRC (which may have retrospective effect). Any increased tax liabilities on the Fund may adversely affect the Fund's value.

The Manager intends to make relevant provision on dividend and interest from PRC securities (including coupon interest income derived from PRC Bonds issued by the policy banks in the PRC) if the PRC WHT is not withheld at source at the time when such income is received (where WHT is already held at source, no further provision will be made) except interest income from investments in PRC onshore bonds received for the period from 7 November 2018 to 6 November 2021.

Based on independent and professional tax advice, the Manager will not provide for any PRC WHT on the interest and gross unrealised and realised capital gains derived from the trading of PRC bonds. The Manager will review the tax provisions policy of the Fund, and it may in future change the tax provisions policy, including making provisions to reflect taxes payable when considered appropriate. Investors should note this may have a substantial negative impact on the NAV of the Fund.

Any shortfall between the provision and the actual tax liabilities, which will be debited from the Fund's assets, will adversely affect the Fund's NAV. The actual tax liabilities may be lower than the tax provision made. Depending on the timing of their subscriptions and/or redemptions, investors may be disadvantaged as a result of any shortfall of tax provision and will not have the right to claim any part of the overprovision (as the case may be).

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 Fund. Moreover, there is no assurance that tax preferential treatments or incentives currently offered to foreign institutional investors, 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 the Fund invests in, thereby reducing the income from, and/or value of the Units.

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 the tax residency of account holders and report certain information including but not limited to their investment income and account balance to the local tax authority where the financial institution is a tax resident in. When countries or jurisdictions start exchanging information on an automatic basis, the relevant local tax authority where the financial account is maintained in will provide this information to

the tax authority of the account holder's country of tax residence. This information exchange will be conducted on an 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 (as defined in the Ordinance) 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 (for itself and for each Sub-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 in Hong Kong requires the Fund to, amongst other things: (i) register each Sub-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 "passive non-financial entities" (including the entities in which such individual controls) 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 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 (including but not limited to) his/her jurisdiction of tax residence, his/her tax identification number in his/her country of tax residence, his/her date of birth, and in the case where the Unitholder is an entity (for example, a trust or a company), the entity classification for AEOI purpose 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, the Manager and/or their agents of any change in circumstances which affect the Unitholder's or the controlling person of 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 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 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.

Foreign Account Tax Compliance Act

The U.S. Foreign Account Tax Compliance Act ("**FATCA**") is a tax law enacted in the United States (the "**U.S.**") in March 2010.

FATCA generally impose a 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 certain foreign financial accounts to be reported to the IRS.

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 as may be required to comply with the provisions of the new rules, including but not limited to 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 FATCA 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.

With effect from 30 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 of the Fund and may be required to impose a 30% withholding of tax on the share of Withholdable Payments and Passthru Payments attributable to, including but not limited to 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.

The Hong Kong Government signed a Model 2 IGA with the United States on 13 November 2014 (the "Hong Kong IGA"). Under the Hong Kong IGA, financial institutions in Hong Kong (such as the Fund) generally will need to register with the IRS and comply with the requirements of an FFI Agreement, including with respect to due diligence, reporting, and withholding either directly or through a sponsoring entity. Otherwise they may be subject to a 30% withholding tax on certain Withholdable Payments and Passthru Payments made to them.

In order to comply with FATCA, the Manager and/or the Trustee, acting in good faith and on reasonable grounds, 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.

Other Jurisdiction(s)

Please refer to the relevant Appendix on taxation requirements in other jurisdiction(s) that may be applicable to a Sub-Fund.

GENERAL INFORMATION

Financial Reports

The Fund's and each Sub-Fund's financial year end is on the Accounting Date in each year.

As an alternative to the distribution of printed audited annual financial reports and interim financial reports, the Manager will notify Unitholders where the annual report in English and Chinese can be obtained (in printed and electronic forms) within four months after the Accounting Date, and where the interim report (in English and Chinese) can be obtained (in printed and electronic forms) within two months after the Semi-Annual Accounting Date in each year. Once issued, soft copies of the financial reports are available from the website http://www.ccbintl.com.hk/ and hard copies of the financial reports are available upon request of Unitholders free of charge at any time during normal business hours on any Business Day at the office of the Manager. Investors should note that the website has not been reviewed or authorised by the SFC. Copies of the financial reports may be posted to investors on request.

The Manager intends to adopt HKFRS in drawing up the annual financial reports of the Fund and Sub-Funds and the interim reports will apply the same accounting policies and method of computation as are applied in the annual reports of the Fund and the Sub-Funds. 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 financial reports in order to comply with HKFRS and to include a reconciliation note in the Fund's financial reports.

Publication of Prices

The Net Asset Value per Unit for each Class of the Sub-Fund will be published on each Business Day on the Manager's website http://www.ccbintl.com.hk/ (this website has not been reviewed or authorised by the SFC).

Termination of Fund or a Sub-Fund

The Fund shall continue for an unlimited period unless it is earlier terminated in one of the ways provided under the Trust Deed and as summarised below.

Termination by the Trustee

The Fund may be terminated by the Trustee by notice in writing to the Manager and the Unitholders if:-

(a) the Manager shall go into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation), becomes bankrupt or if a receiver is appointed over any of their assets and not discharged within 60 days;

(b) in the reasonable opinion of the Trustee the Manager shall be incapable of performing or shall in fact fail 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;

(c) any law shall be passed which renders it illegal or in the opinion of the Trustee impracticable or inadvisable in consultation with the relevant regulatory agencies (the SFC in Hong Kong) to continue the Fund;

(d) the Manager shall, have ceased to be the manager and, within a period of 30 days thereafter, no other qualified corporation shall have been appointed by the Trustee as successor manager; or

(e) the Trustee shall have notified the Manager of its desire to retire as Trustee and the Manager shall fail to find a qualified corporation to act as a trustee in place of the Trustee within 60 days therefrom.

Termination by the Manager

The Fund, any Sub-Fund and/or any Class of Units (as the case may be) may be terminated by the Manager in its discretion by notice in writing to the Trustee and the Unitholders if:-

(a) on any date, in relation to any Sub-Fund, the aggregate Net Asset Value of the Units outstanding hereunder in respect of such Sub-Fund shall be less than RMB 50 million or its equivalent in other currency or such other amount stated in the relevant Appendix;

(b) in the opinion of the Manager, it is impracticable or inadvisable to continue the Fund, a Sub- Fund and/or any Class of Units (as the case may be) (including without limitation, a situation where it is no longer economically viable to operate the Fund, the Sub-Fund or the relevant Class of Units);

(c) if 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 and/or any Sub-Fund and/or any Class of Units of a Sub-Fund; or

(d) the occurrence of any other event(s) or in such other circumstance(s) as set out in the relevant Appendix of the 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 of Units may be terminated by an extraordinary resolution of the Unitholders of the Sub-Fund or the Unitholders of the relevant Class (as the case may be) on such date as the extraordinary resolution may provide. At least twenty one days' notice shall be given to the Unitholders in respect of a meeting of Unitholders where such extraordinary resolution will be tabled.

Any unclaimed proceeds or other cash held by the Trustee under the provisions of the Trust Deed may at the expiration of twelve months from the date upon which the same were payable be paid into court subject to the right of the Trustee to deduct therefrom any expenses it may incur in making such payment.

Trust Deed

The Fund was established under the laws of Hong Kong by the Trust Deed. All Unitholders are entitled to the benefit of, are bound by and are deemed to have notice of the provisions of the Trust Deed.

The Trust Deed contains provisions for the indemnification of the parties and their exculpation from liability in certain circumstances. Any indemnity expressly given to the Trustee or to the Manager in the Trust Deed is in addition to and without prejudice to any indemnity allowed by law. However, the Trustee and the Manager shall not be exempted from any liability to Unitholders imposed under Hong Kong law or breaches of trust through fraud or negligence, nor may they be indemnified against such liability by Unitholders or at Unitholders' expense. Unitholders and intending applicants are advised to consult the terms of the Trust Deed for further details.

Voting Rights

In respect of the CCBI Global Premium Selection Fund, 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.

In respect of any other Sub-Funds established on or after 1 January 2020, the Trust Deed provides for any meetings of Unitholders at which an extraordinary resolution is to be proposed to be convened by the Trustee or the Manager upon at least 21 days' notice and any meeting at which an ordinary resolution is to be proposed to be convened on at least 14 days' notice.

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 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.

Transfer of Units

Subject as provided below, Units may be transferred by an instrument in writing in common form signed by (or, in the case of a body corporate, signed on behalf of or sealed by) the transferor and the transferee.

The duly stamped instrument of transfer, any necessary declarations, other documents that may be required by the Manager, the Trustee or the Registrar or in consequence of any legislation (including any anti-money laundering legislation) shall be left with the Registrar for registration. 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 specified in the relevant Appendix.

The Manager or the Trustee may refuse to enter or cause to be entered the name of a transferee in the register or recognise a transfer of any Units if either of them believes that such will result in or is likely to result in the contravention of any applicable laws or requirements of any country, any governmental authority or any stock exchange on which such Units are listed, including without limitation any anti-money laundering or anti-terrorist financial laws or regulations.

Anti-Money Laundering Regulations

As part of the responsibility of the Trustee (through Transfer Agent) and the Manager for the prevention of money laundering, they may require a detailed verification of an investor's identity and the source of the payment of application moneys. Depending on the circumstances of each application, a detailed verification may 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/region recognised as having sufficient anti-money laundering regulations.

The Trustee, the Transfer Agent and the Manager reserve the right to request any information that they consider necessary to verify the identity of an applicant and the source of the payment. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Trustee, the Transfer Agent and/or the Manager may refuse to accept the application and the related application moneys. None of the Trustee, the Transfer Agent, the Manager or their respective delegates or agents shall be liable to the prospective investor or Unitholder for any loss suffered by such party as a result of the rejection or delay of any subscription application or payment of redemption proceeds.

Conflicts of Interest

The Manager, the Investment Delegate (if any), the Trustee and the Custodian (if any) may from time to time act as trustee, administrator, transfer agent, manager, custodian or investment delegate, 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 and the Sub-Funds. Each will, at all times, have regard in such event to its obligations to the Fund and the Sub-Funds and will endeavour to ensure that such conflicts are resolved fairly and taking into account investors' interests. Compliance procedures and measures such as segregation of duties and responsibilities together with different reporting lines and "Chinese walls" have been put in place to minimize potential conflicts of interest. In any event, the Manager shall ensure that all investment opportunities will be fairly allocated.

The Manager may also act as the investment manager of other funds whose investment objectives, investment approach and investment restrictions are similar to those of a Sub-Fund. The Manager or any of its connected persons may invest in, directly or indirectly, or manage or advise other investment funds or accounts which invest in assets which may also be purchased or sold by a Sub-Fund. Neither the Manager nor its connected persons is under any obligation to offer investment opportunities of which any of them become aware to any Sub-Fund or to account to any Sub-Fund in respect of (or share with any Sub-Fund or to inform any Sub-Fund of) any such transactions or any benefit received by any of them from any such transaction, but will allocate such opportunities on an equitable basis between the Fund and other clients.

The Manager reserves the right for itself and its connected persons and their affiliates to co-invest on its own or for other funds and/or other clients with any Sub-Fund, although any such co-investment must be made on terms no better than those in which the relevant Sub-Fund is investing. Further, the Manager and any of its connected persons and their affiliates may hold and deal in Units of any Sub-Fund or in investments held by any Sub-Fund either for their own account or for the account of their clients.

Subject to the restrictions and requirements applicable from time to time, the Manager, any Investment Delegates as may be appointed by the Manager or any of their respective connected persons or their affiliates may deal with any Sub-Fund as principal provided that dealings are effected on best commercially available terms negotiated and on an arm's length basis. Any transactions between a Sub- Fund and the Manager, the Investment Delegates as may be appointed by the Manager or any of their connected persons or their affiliates as principal may only be made with the prior written consent of the Trustee. All such transactions must be disclosed in the Sub-Fund's annual report.

In effecting transactions for the account of any Sub-Fund with brokers or dealers connected to the Manager, the Investment Delegate of such Sub-Fund or their connected persons or their affiliates, the Manager shall ensure that it complies with the following requirements:

(a) such transactions should be on arm's length terms and executed on the best available terms in compliance with applicable laws and regulations;

(b) the Manager must use due care in the selection of brokers or dealers and ensure that they are suitably qualified in the circumstances;

(c) transaction execution must be consistent with applicable best execution standards;

(d) the fee or commission paid to any such broker or dealer in respect of a transaction must not be greater than that which is payable at the prevailing market rate for a transaction of that size and nature;

(e) the Manager must monitor such transactions to ensure compliance with its obligations; and

(f) the nature of such transactions and the total commissions and other quantifiable benefits received by such broker or dealer shall be disclosed in the annual report of the relevant Sub-Fund.

The services of the Trustee provided to the Fund and the Sub-Funds are not deemed to be exclusive and the Trustee shall be free to render similar services to others so long as its services hereunder are not impaired thereby and to retain for its own use and benefit all appropriate fees and benefits. The Trustee shall not be deemed to be affected with notice of or to be under any duty to disclose to the Fund and the Sub-Funds any fact or information which comes to the notice of the Trustee in the course of the Trustee rendering similar services to other parties or in the course of its business in any other capacity, otherwise than in the course of carrying out its duties under the Trust Deed or as required by any applicable laws and regulations for the time being in force.

If cash forming part of a Sub-Fund's assets is deposited with the Trustee, the Manager, the Investment Delegate or with any connected person or its affiliates of these companies (being an institution licensed to accept deposits), such cash shall be maintained in a manner that is in the best interests of the Holders, having regard to the prevailing commercial rate for a deposit of similar type, size and term negotiated at arm's length in accordance with ordinary and normal course of business.

The assets under management at any time during the life of the Fund may include monies invested by the Manager and/or affiliates of the Manager and such investment may constitute a significant portion of the assets under management of the Fund. There is no assurance that any such monies will continue to be investment in the Fund by the Manager or affiliates of the Manager for any particular length of time. Redemption of such monies may affect the performance of the Fund.

Please refer to the risk factor headed "***Conflicts of Interest; Other Activities of the Manager***" for further information.

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.

Facsimile Instructions

Investors should be reminded that if they choose to send the Application Forms, Redemption Forms or Conversion Forms by facsimile or such other means, they bear their own risk of such Application Forms, Redemption Forms or Conversion Forms not being received. Investors should note that the Fund, the Sub-Funds, the Manager, the Trustee, the Transfer Agent and their respective agents and delegates accept no responsibility for any loss caused as a result of non-receipt or illegibility of any Application Form, Redemption Form or Conversion Form sent by facsimile or other 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, the Trustee or the Transfer Agent safe receipt of an application.

Forfeiture of Unclaimed Proceeds or Distributions

If any redemption proceed or distribution remains unclaimed six years after the relevant Redemption Day or distribution date, as the case may be, (a) the Unitholder and any person claiming through, under or in trust for the Unitholder forfeits any right to the proceed or distribution; and (b) the amount of the proceed or distribution will become part of the relevant Sub-Fund unless such Sub-Fund shall have been terminated in which case such amount shall be paid into a court of competent jurisdiction subject to the right of the Trustee to deduct therefrom any expenses it may incur in making such payment.

Market Timing

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, as the case may 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.

Certification for Compliance with FATCA or Other Applicable Laws

Each Unitholder (i) will be required to, upon demand by the Trustee or the Manager, provide any form, certification or other information reasonably requested by and acceptable to the Trustee or the Manager that is necessary for the Fund or a Sub-Fund (A) to prevent withholding (including, without limitation, any withholding taxes required under FATCA) or qualify for a reduced rate of withholding or backup withholding in any jurisdiction from or through which the Fund or the relevant Sub-Fund receives payments and/or (B) to satisfy reporting or other obligations under the IRS Code and the United States Treasury Regulations promulgated under the IRS Code, or to satisfy any obligations relating to any applicable law, regulation or any agreement with any tax or fiscal authority in any jurisdiction (ii) will update or replace such form, certification or other information in accordance with its terms or subsequent amendments, and (iii) will otherwise comply with any reporting obligations imposed by the United States, Hong Kong or any other jurisdiction, including reporting obligations that may be imposed by future legislation.

Power to Disclose Information to Tax Authorities

Subject to applicable laws and regulations in Hong Kong, the Fund, the relevant Sub-Fund, the Trustee or the Manager or any of their authorised person(s) (as permissible under applicable law or regulation) may be required to report or disclose to any government agency, regulatory authority or tax or fiscal authority in any jurisdictions (including but not limited to the US IRS), certain information in relation to a Unitholder, including but not limited to the Unitholder's name, address, tax identification number (if any), social security number (if any) and certain information relating to the Unitholder's holdings, to enable the Fund or the relevant Sub-Fund to comply with any applicable law or regulation or any agreement with a tax authority (including, but not limited to, any applicable law, regulation or agreement under FATCA).

Personal Data

Pursuant to the provisions of the Personal Data (Privacy) Ordinance (Chapter 468 of the Laws of Hong Kong, "**PDPO**"), the Trustee, the Manager, or any of their respective delegates (each a "**Data User**") may collect, hold and use personal data of individual investors in the Fund and the Sub-Funds only for the purposes for which such data was collected and shall comply with personal data protection principles and requirements as set out in the PDPO and all other applicable regulations and rules governing personal data use in Hong Kong from time to time. Accordingly, each Data User shall take all practicable steps to ensure that personal data collected, held and processed by them are protected against unauthorised or accidental access, processing, erasure or other use.

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 (as specified in the relevant Appendix); and

(c) the latest annual financial reports and interim financial reports (if any) of the Fund and the Sub-Funds.

APPENDIX 1 – CCBI GLOBAL PREMIUM SELECTION FUND

*This Appendix (which forms part of, and should be read together with the rest of, the Explanatory Memorandum, amended from time to time) relates to the CCBI Global Premium Selection Fund ("**Sub-Fund**"), a sub-fund of the Fund.*

PRINCIPAL TERMS

DEFINITIONS

Terms used in this Appendix shall, unless otherwise defined herein or unless the context otherwise requires, have the same meaning as provided for in the Explanatory Memorandum.

"Amortisation Period"	the first 5 Accounting Periods from the date of launch of the Sub-Fund or such other period as the Manager after consultation with the Auditors shall determine
"Class A Unit"	a Unit designated as a Class A Unit and having the specific features as set out more particularly in this Appendix
"Class B Unit"	a Unit designated as a Class B Unit and having the specific features as set out more particularly in this Appendix
"Class Currency"	the currency of account in relation to a class of Units as specified in this Appendix
"Initial Offer Period"	the period commencing 9:00 a.m. (Hong Kong time) on 24 April 2017 to 5:00 p.m. (Hong Kong time) on 12 June 2017 (or such other dates as the Manager may determine)
"**Payment Period**"	such period before the Subscription Deadline on the relevant Subscription Day in relation to which the relevant Units are issued or such other period as the Manager with the approval of the Trustee may determine, within which payment for Units issued for cash after the Initial Offer Period for such Units is due
"Redemption Day"	each Business Day or such other day or days as the Manager and the Trustee may from time to time determine, either generally or in respect of a particular Class or Classes of Units, for effecting any requests for redemption of Units in the Sub-Fund or the relevant Class or Classes in the Sub-Fund
"Redemption Deadline"	4:00 p.m. (Hong Kong time) on the relevant Redemption Day by which a redemption request in respect of the Sub-Fund or a Class of Units must be received or such other time as the Manager and the Trustee may from time to time determine generally or in relation to any particular jurisdiction in which Units of the Sub-Fund or the relevant Class may from time to time be redeemed
"Subscription Day"	each Business Day or such other day or days as the Manager and the Trustee may from time to time determine, either generally or in respect of a particular Class or Classes of Units, for effecting any requests for subscription of Units in the Sub-Fund or the relevant Class or Classes in the Sub-Fund

"Subscription Deadline"	4:00 p.m. (Hong Kong time) on the relevant Subscription Day by which an application for subscription in respect of the Sub-Fund or a Class of Units must be received or such other time as the Manager and the Trustee may from time to time determine generally or in relation to any particular jurisdiction in which Units of the Sub-Fund or the relevant Class may from time to time be subscribed
"Valuation Day"	each Business Day on which the Net Asset Value of the Sub-Fund and/or the Net Asset Value of a Unit or a Class of Unit of the Sub-Fund falls to be calculated and in relation to each Subscription Day or Redemption Day (as the case may be) of any Class or Classes of Units means either such Subscription Day or Redemption Day (as the case may be) or such other Business Day or day as the Manager and the Trustee may from time to time determine, either generally or in relation to a particular Class of Units

MANAGEMENT AND ADMINISTRATION OF THE FUND

Manager	CCB International Asset Management Limited
Trustee	ICBC (Asia) Trustee Company Limited
Custodian	Industrial and Commercial Bank of China (Asia) Limited
Registrar and Transfer Agent	ICBC (Asia) Trustee Company Limited

INVESTMENT CONSIDERATIONS

Investment Objective	The investment objective of the Sub-Fund is to seek sustainable and stable capital return in medium to long term through investing in other collective investment schemes ("**underlying schemes**"). "Premium Selection" represents the core criteria for screening potential underlying schemes for investments of the Sub-Fund. The Sub-Fund will invest in underlying schemes that offer consistently better performance over market peer average, with performance measured differently between actively managed and passively managed underlying schemes. When considering investment in an actively managed underlying scheme for the Sub-Fund, the Manager will take into consideration primarily the underlying scheme's risk-adjusted returns, and secondarily the underlying scheme's other performance measurements including (but not limited to) the underlying scheme's liquidity, stock concentration, sector concentration, size of net asset value, manager experience, research capability, third party ratings and fees. When considering investment in a passively managed underlying scheme, the primary criterion which the Manager takes into consideration when measuring performance is whether the

underlying scheme offers consistently a lower tracking error than those of peer schemes.

The Manager monitors and reviews on an ongoing basis with reference to the above criteria for actively and passively managed underlying scheme.

Investment Policies

The Sub-Fund will invest all of its assets in other underlying schemes denominated in US Dollars, Hong Kong Dollars, British pounds sterling or Euro, and may hold cash for ancillary purposes.

The Sub-Fund will invest in units or shares of underlying schemes authorized by the SFC or in eligible schemes (as defined by the SFC) in accordance with Chapter 7 of the Code, and not more than 10% of the Sub-Fund's total Net Asset Value may be invested in, on an aggregate basis, underlying schemes which are non-eligible schemes and not authorized by the SFC in accordance with Chapter 7 of the Code.

The Sub-Fund may invest in underlying schemes which are also managed by the Manager or its connected persons and/or third parties. Where the underlying schemes are managed by the Manager or its connected persons, all initial charges and redemption charges on the underlying schemes must be waived. In addition, the Manager may not obtain a rebate on any fees or charges levied by an underlying scheme or its management company.

The Sub-Fund may invest in, but not limited to, exchange traded funds ("**ETFs**"), synthetic ETFs and unlisted index tracking funds. Synthetic ETFs are ETFs which invest substantially or primarily in FDIs or market access products. ETFs invested by the Sub-Fund will be considered and treated as collective investment schemes for the purposes of and subject to the requirements in 7.11, 7.11A and 7.11B of the Code.

FDIs will not be extensively or primarily used by the underlying schemes (other than synthetic ETFs) for investment purposes. The underlying schemes of the Sub-Fund may use FDIs for hedging purposes.

The Sub-Fund may invest in the following types of asset classes through underlying schemes: equities, fixed income, money market instruments and real estate investment trusts ("**REITs**"). The Sub-Fund invests with no prescribed regional, country, industry sector or market capitalisation limits for investment by its underlying schemes. The Sub-Fund may, but does not currently intend to, have exposure to more than 10% of its total Net Asset Value in securities issued and/or guaranteed by a single sovereign issuer (including its government, a public or local authority) which is below investment grade via the Sub-Fund's investments in underlying schemes; the actual exposure of the Sub-Fund to such securities may vary depending on the independent investment decisions of the investment managers of the underlying schemes. "Investment grade" refers to a rating of BBB-/Baa3 by any internationally recognised credit rating

agency, such as Standard & Poor's, Moody's or Fitch, or a rating of BBB- by any PRC domestic credit rating agency.

The Sub-Fund may invest in the following underlying asset classes through underlying schemes with the allocation set out below:

- Equity securities: 0 to 100% of the Sub-Fund's Net Asset Value
- Fixed income securities: 0 to 100% of the Sub-Fund's Net Asset Value
- Cash and money market instruments: 0 to 100% of the Sub- Fund's Net Asset Value
- REITS: 0 to 100% of the Sub-Fund's Net Asset Value

The asset allocation of the Sub-Fund may change according to the Manager's views of the fundamental economic and market conditions and investment trends across the globe, taking into consideration factors such as liquidity, costs, timing of execution and the relative attractiveness of asset classes.

The Sub-Fund will not invest directly in equity securities, fixed income securities, FDIs, structured products, structured deposits or asset backed securities (including asset backed commercial papers) for hedging or non-hedging purposes.

Investment and Borrowing Restrictions

The Sub-Fund is subject to the investment restrictions set out in the section headed "Investment and Borrowing Restrictions" in the Explanatory Memorandum.

Securities lending transactions, sale and repurchase transactions or reverse repurchase transactions

The Manager currently does not intend to enter into any securities lending transactions, sale and repurchase transactions or reverse repurchase transactions or other similar over-the-counter transactions in respect of the Sub-Fund. The approval of the SFC (if required) will be sought and at least one month's prior notice will be given to Unitholders should there be a change in such intention.

SPECIFIC RISK FACTORS

In addition to the relevant risks mentioned in the "*Risk Factors*" section in the Explanatory Memorandum, investors should also take note of the following risks associated with investment in the Sub-Fund.

Risks relating to investment in underlying schemes

The Sub-Fund is a fund of funds and will be subject to the risks associated with the underlying schemes as generally set out below. The Sub-Fund does not have control of the investments of the underlying schemes and there is no assurance that the investment objective and strategy of the underlying funds will be successfully achieved which may have a negative impact to the NAV of the fund.

The underlying schemes in which the Sub-Fund may invest may not be regulated by the SFC. There may be additional costs involved when investing into these underlying schemes. There is also no guarantee that the underlying schemes will always have

sufficient liquidity to meet the Sub-Fund's redemption requests as and when made.

General investment risks

The Sub-Fund will be subject to the risks associated with the underlying schemes. The underlying schemes in which the Sub-Fund may invest may not be authorised by the SFC. There may be additional costs involved when investing into these underlying schemes. Such costs may increase if there are more frequent changes to the mix of underlying funds in the event of change in market risk levels over short periods. The Sub-Fund will be subject to the same type of risks in proportion to their holdings of those specific underlying schemes. Different underlying schemes invested by the Sub-Fund have different underlying investments ("**underlying investments**"). Please refer to the section headed "**RISK FACTORS**" of in the main body of the Explanatory Memorandum for the other general risks factors which may relate to such underlying investments invested by the underlying schemes of the Sub-Fund.

Investors should be aware of the specific features of a fund of funds and the consequences of the Sub-Fund investing in underlying schemes. Investment decisions of the underlying schemes are made at the level of such underlying schemes. There can be no assurance that the selection of the manager of the underlying schemes will result in an effective diversification of investment styles and that positions taken by the underlying schemes will always be consistent. Consequently there is a possibility that one underlying scheme may purchase an asset at about the same time as another underlying scheme may sell it.

The Manager may not always be provided with detailed information regarding all of the investments made by underlying schemes because certain of this information may be considered proprietary information by the managers of those underlying schemes.

This potential lack of access to information may make it more difficult for the Manager to select, allocate among and evaluate individual fund managers. Notwithstanding the above, the Manager will act in the best interests of the Unitholders in selecting the underlying schemes and monitoring the performance of the underlying schemes on a continuous basis.

The Manager will carry out a 4-step due diligence procedure which it will use to select and monitor the underlying schemes which the Sub- Fund invests in.

1. Preliminary due diligence: The Manager will perform a preliminary due diligence on the potential underlying scheme which the Manager identifies as potentially suitable for the Sub- Fund. The Manager will review the offering documents of the underlying scheme and collect market intelligence of the management company of the underlying scheme.

2. Research: The Manager will meet with management team of the potential underlying scheme to understand its investment strategy. The Manager will assess whether the underlying scheme may be a suitable investment for the Sub-Fund's investment objective and strategy.

3. Comprehensive due diligence: Once the Manager determines that the underlying scheme may be suitable for the Sub-Fund's investment, it will undergo a comprehensive due diligence of the underlying scheme and its management company, including, but not limited to, the strategy of the underlying scheme, size of the underlying scheme under management, track record, subscription and settlement arrangements, reporting and valuation and taxation. The Sub-Fund will invest in an underlying scheme only after the Manager is satisfied that the underlying scheme is suitable for the Sub-Fund's investment.

4. Ongoing monitoring: The Manager will monitor on an ongoing basis the performance of the underlying scheme considering the Sub-Fund's interest. The Manager will request an annual report or review from the management company of the underlying scheme, and will arrange for periodic meeting with the management company of the underlying scheme.

Despite the due diligence procedures which will be used to select and monitor the individual underlying schemes in which the assets of the Sub-Fund will be invested, there can be no assurance that past performance information in relation thereto will be indicative of how such investments will perform (either in terms of profitability or correlation) in the future.

Although the Manager will seek to monitor the investments and trading activities of the underlying schemes in which the Sub-Fund has invested, investment decisions will normally be made independently at the level of such underlying schemes and it is possible that some managers will take positions in the same security or in issues of the same industry or country at the same time. Consequently, the Sub-Fund may be concentrated in a particular industry or country. These factors may have an adverse impact on the Sub-Fund and its investors.

The Sub-Fund will bear the fees paid to the Manager and its other service providers as well as, indirectly, a pro rata portion of the fees paid by the underlying schemes to the service providers of the underlying schemes, which may have an adverse impact on the Net Asset Value of the Sub- Fund.

For investments in the units/shares of underlying schemes that are managed, directly or by delegation, by the Manager itself or by any of its connected persons, no management, subscription or redemption fees may be charged to the Sub-Funds on their investment in the units/shares of such other underlying schemes.

Liquidity Risks of underlying schemes

In relation to the Sub-Fund's investment in the underlying schemes, although the Manager will seek to select underlying schemes which offer the opportunity to have their shares or units redeemed within a reasonable timeframe, there can be no assurance that the liquidity of the underlying schemes will always be sufficient to meet redemption request. In particular, the underlying schemes may impose redemption gates in certain situations, which means that the underlying schemes may not always be able to satisfy redemption requests from the Sub-Fund as and when made.

Further, the dealing days of such underlying schemes may not coincide with the Redemption Day of the Sub-Fund. Thus, the Sub-Fund may not be able to promptly liquidate its investments in such underlying schemes if the need should arise. Any lack of liquidity in the underlying schemes may affect the liquidity of the Units of the Sub-Fund and result in difficulty in valuing its investments for the purpose of valuing the Sub- Fund's Net Asset Value.

For such reasons, the treatment of redemption requests may be postponed in exceptional circumstances, including where a lack of liquidity in the underlying schemes may result in difficulties in determining the Net Asset Value of the Units of the Sub-Fund and, consequently, in a suspension of issues and redemptions of Units.

Risks of suspensions of net asset value determination of underlying schemes

The underlying schemes invested by the Sub-Fund may be subject to temporary suspensions of net asset value calculation. In such event, the Sub-Fund may be unable to redeem its interests in such underlying schemes when it would otherwise be beneficial to do so. The delay in disposal of the Sub-Fund's investments in such underlying schemes may adversely affect both the value of the investments being disposed of, and the value and liquidity of the Units of the Sub-Fund. Suspension of the calculation of the net asset value of a substantial portion of the underlying schemes may trigger the Manager to suspend accepting subscriptions and redemptions of Units. Unitholders should recognise that they will be subject to a higher liquidity risk.

Risks of valuation of underlying schemes

The valuation days of the underlying schemes may not be the same as that of the Sub-Fund. The calculations of the Net Asset Value of the Sub-Fund may thus, be based on estimated net asset values or historic net asset values provided by or on behalf of such underlying schemes. Such estimated net asset values or historic net asset values may vary significantly from the actual value of the net assets of the respective underlying schemes on the relevant Valuation Point of the Sub-Fund. As a result, Unitholders may have redeemed their Units at a Net Asset Value calculated based on estimated or historic values which may in fact be lower than the actual value of the net assets of the

respective underlying schemes. Further, in the event that such estimated or historic net asset values are higher than the actual value of the net assets of the respective underlying schemes, the Sub-Fund may be bound to redeem the Units at such higher values and the Net Asset Value of the Sub-Fund may be required to be restated on the relevant Valuation Point.

Risks of termination of underlying schemes

The underlying schemes may be subject to termination or liquidation. Where such underlying schemes are terminated or liquidated, the Sub- Fund will receive redemption or liquidation proceeds from such underlying schemes. Investors should note that the Sub-Fund may suffer a loss on such redemption or liquidation. In addition, the Sub-Fund may suffer delay in receiving such redemption or liquidation proceeds. The Net Asset Value of the Sub-Fund may be adversely impacted if the Sub- Fund suffers such loss or delay.

Risks relating to investment in index tracking funds

The Sub-Fund may invest in underlying schemes which are index tracking funds (including ETFs). Index tracking funds are passively managed. An index tracking fund invests in the index securities included in or reflecting its tracking index regardless of their investment merit. The manager of an index tracking fund does not attempt to select securities individually or to take defensive positions in declining markets. Accordingly, the lack of discretion to adapt to market changes due to the inherent investment nature of an index tracking fund means that falls in the related tracking index are expected to result in a corresponding fall in the value of the relevant index tracking fund.

Factors such as fees and expenses of an index tracking fund, imperfect correlation between the index tracking fund's assets and the underlying securities within the relevant tracking index, rounding of share prices, adjustments to the tracking index and regulatory policies may adversely affect the ability of the manager of an index tracking fund to achieve close correlation with the tracking index for the relevant fund. An index tracking fund's returns may therefore deviate from that of its tracking index.

These factors may have an adverse impact on the value of the index tracking funds, and thus the Net Asset Value of the Sub-Fund may also be adversely impacted.

Tracking error risks of ETFs

ETFs may be subject to tracking error risk, which is the risk that its performance may not track that of the index exactly. This tracking error may result from the investment strategy used, and fees and expenses. The trading prices of units/shares in an ETF may differ significantly from the net asset value of the units/shares of such ETF due to, disruptions to creations and realisations (for example, as a result of imposition of capital controls by a foreign government) and supply and demand forces in the secondary trading market for units/shares in the ETF.

There can be no assurance that an active trading market will exist or be maintained for units/shares of an ETF on any securities exchange on which units/shares of an ETF may trade. The units/shares of the ETFs which the Sub-Fund may invest in may be traded at large discounts or premiums to their net asset value. These factors may have an adverse impact on the Net Asset Value of the Sub-Fund.

Risks relating to investment in funds or ETFs using FDIs or market access products

Certain underlying schemes or ETFs invested by the Sub-Fund may invest in FDIs or market access products, particularly where the relevant underlying scheme or ETF seeks to gain exposure to restricted markets or emerging markets which impose controls on foreign investments. These may include ETFs that adopt a synthetic replication strategy to track performance of the relevant markets ("**synthetic ETFs**").

Investors should note that a synthetic ETF will seek to achieve its investment objective primarily through investing substantially or primarily in FDIs or market access products, instead of primarily investing directly in the actual constituent shares. In other words, it may seek to replicate the performance of the relevant index by investing in FDIs linked to such index or the constituent shares of such index and it is not restricted to only investing in the actual constituent shares. FDIs are susceptible to price fluctuations and higher volatility, which may results in large bid and ask spreads with no active secondary market. The synthetic ETFs which the Sub-Fund may invest in may suffer losses potentially equal to the full value of the FDIs.

FDIs or market access products are linked to the relevant tracking index or constituent share of the relevant tracking index and they do not provide any beneficial or equitable entitlement or interest in such tracking index or constituent share. FDIs and market access products are issued by certain issuers ("**FDI issuers**") and constitute an obligation of such FDI issuers to pay a cash amount reflecting the performance of the relevant tracking index or constituent share. Where the underlying schemes or ETFs invest in FDIs or market access products, such underlying schemes or ETFs will be exposed to counterparty and credit risks of the FDI issuers. As a consequence, the Sub-Fund investing in such underlying schemes or ETFs is indirectly subject to the counterparty and credit risks of such FDI issuers. Any default or failure by a FDI issuer to perform its obligations under the FDIs or market access products may lead to substantial loss for the relevant underlying scheme or ETF, which may in turn adversely affect the Net Asset Value of the Sub-Fund.

Such counterparty risk is accentuated where a synthetic ETF holds FDIs or market access products issued by a single or a small group of counterparties or issuers. The Sub-Fund has no control over the investment decisions of any underlying synthetic ETF in its portfolio and does not restrict any such synthetic ETF from dealing with any particular FDI issuer or from concentrating any or all of its FDIs or market access products

from being issued by one or a small group of counterparties or issuers. Moreover, the Sub-Fund does not have control over and does not give any assurance as to whether any synthetic ETF in its portfolio has any internal credit function that evaluates the creditworthiness of its counterparties or relevant FDI issuers. Investors should note that although the Net Asset Value of the Sub-Fund may be adversely affected by any default by the relevant FDI issuers of FDIs or market access products held by any synthetic ETFs in its portfolio, the Sub-Fund will not be able to monitor or control the creditworthiness or any potential default of such FDI issuers.

Risks relating to investment in REITs

The Sub-Fund will not invest in real property directly but may be subject to risks similar to those associated with the direct ownership of real property (in addition to securities market risks) through its investment in underlying schemes which invest in REITs. Real estate investments are relatively illiquid and may affect the ability of a REIT to vary its investment portfolio or liquidate part of its assets in response to changes in economic conditions, international securities markets, foreign exchange rates, interest rates, real estate markets or other conditions. Adverse global economic conditions could adversely affect the business, financial condition and results of operations of REITs. REITs may trade less frequently and in a limited volume and may be subject to more abrupt or erratic price movements than other securities.

The prices of REITs are affected by changes in the value of the underlying property owned by the REITs. Investment in REITs through underlying schemes may therefore subject the Sub-Fund to risks similar to those from direct ownership of real property. The prices of mortgage REITs are affected by the quality of any credit they extend, the creditworthiness of the mortgages they hold, as well as by the value of the property that secures the mortgages.

Further, REITs are dependent upon management skills in managing the underlying properties and generally may not be diversified. In addition, certain "special purpose" REITs in which the Sub-Fund may, through underlying schemes, invest may have their assets in specific real property sectors, such as hotel REITs, nursing home REITs or warehouse REITs, and are therefore subject to the risks associated with adverse developments in these sectors.

REITs are also subject to heavy cash flow dependency, defaults by borrowers and self-liquidation. There is also the risk that borrowers under mortgages held by a REIT or lessees of a property that a REIT owns may be unable to meet their obligations to the REIT. In the event of a default by a borrower or lessee, the REIT may experience delays in enforcing its rights as a mortgagee or lessor and may incur substantial costs associated with protecting its investments. On the other hand, if the key tenants experience a downturn in their businesses or their financial condition, they may fail to make timely rental payments or default under their leases. Tenants in a particular industry might also be affected by any adverse downturn in that industry

and this may result in their failure to make timely rental payments or to default under the leases. The REITs may suffer losses as a result.

REITs may have limited financial resources and may be subject to borrowing limits. Consequently, REITs may need to rely on external sources of funding to expand their portfolios, which may not be available on commercially acceptable terms or at all. If a REIT cannot obtain capital from external sources, it may not be able to acquire properties when strategic opportunities exist.

Any due diligence exercise conducted by REITs on buildings and equipment may not have identified all material defects, breaches of laws and regulations and other deficiencies. Losses or liabilities from latent building or equipment defects may adversely affect earnings and cash flow of the REITs.

These factors may have an adverse impact on the value of the Sub-Fund investing, through underlying schemes, in REITs.

Risks relating to investment in money market instruments

The Sub-Fund may invest in underlying schemes which invests in money market instruments. Investment in an underlying scheme which invests in money market instruments is not the same as placing funds on deposit with a bank or deposit-taking company. The manager of the underlying scheme has no obligation to redeem units / shares at the offer value and the underlying scheme is not subject to the supervision of any regulator that regulates banks or deposit-taking companies. The underlying scheme may suffer losses in trading such instruments which in turn may affect the net asset value of the Sub-Fund.

Risks relating to securities issued and/or guaranteed by a single sovereign issuer below-investment grade

The Sub-Fund may, but does not intend to, have exposure to more than 10% of its total Net Asset Value in securities issued and/or guaranteed by a single sovereign issuer (including its government, a public or local authority) which is below investment grade via the Sub-Fund's investments in underlying schemes, which may result in higher concentration risk; the actual exposure of the Sub-Fund to such securities may vary depending on the independent investment decisions of the investment managers of the underlying schemes which are beyond the control of the Manager. Such securities are generally subject to lower liquidity, higher volatility and greater risk of loss of principal and interest than high-rated debt securities. Securities issued and/or guaranteed by a single sovereign issuer may also be exposed to political, social and economic risks. In adverse situations, sovereign issuers may not be able or willing to repay the principal and/or interest when due or may request the underlying schemes to participate in restructuring such debts. The downgrade of the sovereign credit rating or default of such issuers may result in significant losses to investors.

The Manager and its associates, the Trustee, the Custodian or their respective associates are or may be involved in other financial, investment and professional activities which may on occasion cause a conflict of interest with the management of the Sub-Fund and/or their respective roles with respect to the Sub-Fund. These activities may include managing or advising other

funds, including other underlying schemes which the Sub-Fund may invest in, purchases and sales of securities, investment management services, brokerage services, valuation of unlisted securities (in circumstances in which fees may increase as the value of assets increases) and serving as directors, officers, advisers or agents of other funds or companies, including funds or companies in which the Sub-Fund may invest.

In particular, the Manager and/or its associates may be involved in advising or managing other investment funds, including such other underlying schemes which the Sub-Fund may invest in, which have similar or overlapping investment objectives to or with the Sub-Fund. Each of the parties will use its reasonable endeavours to ensure that the performance of their respective duties will not be impaired by any such involvement they may have and that any conflicts which may arise will be resolved fairly and in the best interests of Unitholders. The Manager will endeavour to ensure a fair allocation of investments among each of its clients.

INVESTING IN THE FUND AND REDEMPTION OF UNITS

Base Currency		HKD	
Minimum Subscription Level		HKD50,000,000.	
Classes of Units	**Class**	**Class currency**	**Investors to whom this Class is available**
	Class A Units	HKD	Retail investors
	Class B Units	HKD	Institutional investors
Initial Offer Price (exclusive of Subscription Charge)	Class A Units	HKD 100	
	Class B Units	HKD 100	
Minimum Initial Subscription Amount	Class A Units	HKD 10,000*	
	Class B Units	HKD 1,000,000*	
Minimum Subsequent Subscription Amount	Class A Units	HKD 10,000*	
	Class B Units	HKD 500,000*	
Minimum Redemption Amount	Class A Units	HKD 10,000	
	Class B Units	HKD 100,000	
Minimum Holding Amount	Class A Units	HKD 10,000	
	Class B Units	HKD 500,000	

* (or equivalent amount in other currencies)

DEALING PROCEDURES

For details of the dealing procedures, please refer to the sections headed "**INVESTING IN THE FUND**" and "**CONVERSION**" in the main body of the Explanatory Memorandum. The following applies to the Sub-Fund only:-

Application procedure

Applications will generally be accepted on a Subscription Day only if cleared funds have been received by the Trustee on or prior to the Subscription Deadline of such Subscription Day in relation to which Units are to be issued.

Conversion

Unitholders shall be entitled to convert all or part of their Units of a Class of the Sub-Fund into Units of another Sub-Fund available for subscription or conversion. Units of a Class can only be converted into Units of the same Class of another Sub-Fund.

DISTRIBUTION POLICY

No dividends will be declared or paid.

FEES AND EXPENSES

Fees payable by investors:

Class	**Class A**	**Class B**
Subscription Charge (% of Subscription amount)	Up to 2%	Nil
Switching Fee (% of the Issue Price of the New Class)	Nil	Nil
Redemption Charge (% of Redemption amount)	Nil	Nil

Fees and expenses payable from assets of the Sub-Fund:

Class	**Class A Units**	**Class B Units**
Management Fee (% Net Asset Value of the relevant Class per annum)	1.0% per annum	0.8% per annum
Performance Fee	Nil	Nil
Trustee Fee* (% Net Asset Value of the Sub-Fund per annum)	0.10% per annum*	0.10% per annum*

* The sum of Trustee Fee (inclusive of Registrar and Transfer Agent fee) and Custodian fee for both Class A Units and Class B Units is subject to a minimum monthly fee of HKD36,000.

Custodian Fee (% on the market value of the investment held in custody at month end of the Sub-Fund)	0.015% per annum*	0.015% per annum*
Establishment Costs	The aggregate amount of the general establishment costs of the Fund apportioned to the Sub-Fund and the Sub-Fund's specific establishment costs were approximately HKD1,200,000 and was borne by the Sub-Fund. The establishment costs have been amortised over the Amortisation Period.	
General Expenses	Please refer to the section headed "General Expenses" for further details.	

TAXATION

Please refer to the section headed "**Taxation**" in the main part of the Explanatory Memorandum.