CCB INTERNATIONAL RMB FUND SERIES

EXPLANATORY MEMORANDUM

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4 July 2025

C21

IMPORTANT INFORMATION FOR INVESTORS

This Explanatory Memorandum comprises information relating to CCB International RMB Fund Series, an open-ended unit trust established as an umbrella fund under the laws of Hong Kong by a trust deed dated 29 December 2010 between CCB International Asset Management Limited as manager and BOCI-Prudential Trustee Limited as trustee, as supplemented, amended and restated from time to time ("**Trust Deed**"). C19(a) C1

The Manager accepts full responsibility for the accuracy of the information contained in this Explanatory Memorandum, and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement misleading. However, neither the delivery of this Explanatory Memorandum nor the offer or issue of Units shall under any circumstances constitute a representation that the information contained in this Explanatory Memorandum is correct as of any time subsequent to the date of its publication. This Explanatory Memorandum may from time to time be updated. Intending applicants for Units should ask the Manager if any supplements to this Explanatory Memorandum or any later Explanatory Memorandum or any notice relating to this Explanatory Memorandum have been issued. C22

Distribution of this Explanatory Memorandum must be accompanied by a copy of the latest available annual financial report of the Fund (if any), any subsequent interim financial report and any notice relating to this Explanatory Memorandum containing information that affects the disclosure in this Explanatory Memorandum which has yet to be reflected in the Explanatory Memorandum. Units are offered on the basis only of the information contained in this Explanatory Memorandum and (where applicable) the above mentioned annual financial reports, interim financial reports and notices. Any information given or representations made by any dealer, salesman or other person and (in either case) not contained in this Explanatory Memorandum should be regarded as unauthorised and accordingly must not be relied upon. C19A 6.3

The Fund has been authorised by the SFC pursuant to section 104 of the SFO. SFC authorisation is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. Section I 1-10 Section II 11.14

Authorisation is given to CCB International Asset Management Limited and its agents to advertise and market the Fund and its Sub-Fund, CCB International - RMB Fixed Income Fund, in Macau SAR by the Monetary Authority of Macao. No action has been taken to permit an offering of Units or the distribution of this Explanatory Memorandum in any jurisdiction other

than Hong Kong and Macau where action would be required for such purposes. Accordingly, this Explanatory Memorandum may not be used for the purpose of an offer or solicitation in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised.

In particular:-

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

(b) the Fund has not been and will not be registered under the United States Investment Company Act of 1940 as amended.

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

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

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

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

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

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

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

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

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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.

INTRODUCTION

- This Explanatory Memorandum and the Product Key Facts Statement together form part of the offering document of CCB International RMB Fund Series, and its initial Sub-Fund, CCB International - RMB Fixed Income Fund.
- CCB International - RMB Fixed Income Fund seeks to achieve long-term capital return while maintaining a steady flow of income through investment primarily in a diversified portfolio of debt instruments denominated in RMB issued inside or outside mainland China. It may also invest in other RMB denominated deposits, such as bank certificate of deposit, bank deposits and negotiated term deposits.
- CCB International - RMB Fixed Income Fund is denominated in RMB, and subscription moneys and redemption proceeds must be paid in RMB.
- Information relating to CCB International - RMB Fixed Income Fund is set out in Appendix I of this Explanatory Memorandum. Investors should refer to the relevant risks under the section headed "Specific Risk Factors" on page 65 and those under the section headed "RISK FACTORS" on page 34 in the main part of this Explanatory Memorandum before making any investment decisions.

TABLE OF CONTENTS

Heading **Page Number**

ADMINISTRATION **1**
DEFINITIONS **2**
THE FUND **6**
INVESTMENT OBJECTIVE **6**
MANAGEMENT OF THE FUND **6**
CLASSES OF UNITS **8**
DEALING DAY AND DEALING DEADLINE **8**
PURCHASE OF UNITS **9**
REDEMPTION OF UNITS **12**
SWITCHING BETWEEN UNIT CLASSES AND SUB-FUNDS **15**
FAX OR ELECTRONIC INSTRUCTIONS **19**
VALUATION **20**
INVESTMENT AND BORROWING RESTRICTIONS **23**
RISK FACTORS **34**
EXPENSES AND CHARGES **45**
TAXATION **48**
FINANCIAL REPORTS **53**
DISTRIBUTION OF DIVIDENDS **54**
VOTING RIGHTS **54**
PUBLICATION OF PRICES **56**
TRANSFER OF UNITS **56**
COMPULSORY REDEMPTION OR TRANSFER OF UNITS **56**
TRUST DEED **56**
TERMINATION OF THE FUND OR ANY SUB-FUND **57**
ANTI-MONEY LAUNDERING REGULATIONS **58**
CONFLICTS OF INTEREST **59**
DOCUMENTS AVAILABLE FOR INSPECTION **60**
APPENDIX I - CCB INTERNATIONAL - RMB FIXED INCOME FUND **61**

ADMINISTRATION

C3(a)
C3(b)
C3(f)
C3(g)

Manager

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

Directors of the Manager

Ms. LI Lu
Mr. LEE Yat Chun
Mr. ZHANG Lan

Trustee and Registrar

BOCI-Prudential Trustee Limited
Suites 1501- 1507 & 1513-1516, 15/F,
1111 King's Road,Taikoo Shing, Hong Kong

Custodian

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

C17

"**Accounting Date**"	31 December in each year or such other date or dates in each year as the Manager may from time to time specify in respect of any Sub-Fund and notify to the Trustee and the Unitholders of such Sub-Fund
"**Accounting Period**"	a period commencing on the date of establishment of the relevant Sub-Fund or on the date next following an Accounting Date of the relevant Sub-Fund and ending on the next succeeding Accounting Date for such Sub-Fund
"**Authorised Distributor**"	any person appointed by the Manager to distribute Units of some or all of the Sub-Funds to potential investors
"**Business Day**"	a day (other than a Saturday 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 Manager and the Trustee may agree from time to time
"**China", "mainland China" or "PRC**"	the People's Republic of China excluding Hong Kong, Macau and Taiwan for purpose of this document
"**Code**"	means the Code on Unit Trusts and Mutual Funds issued by the SFC, as amended or replaced from time to time
"**connected person**"	has the meaning as set out in the Code which at the date of the Explanatory Memorandum, in relation to the Manager, means: (a) any person, company or fund beneficially owning, directly or indirectly, 20% or more of the ordinary share capital of the Manager or being able to exercise, directly or indirectly, 20% or more of the total votes in the Manager; or

(b) any person, company or fund controlled by a person who or which meets one or both of the descriptions given in (a); or

(c) any member of the group of which the Manager forms part; or

(d) any director or officer of the Manager or of any of its connected persons as defined in (a), (b) or (c) above

"**Custodian**"	Bank of China (Hong Kong) Limited
"**Dealing Day**"	the days on which Units are subscribed for or redeemed, as described in the Appendix for the relevant Sub-Fund(s)
"Dealing Deadline"	4:00 p.m. (Hong Kong time) on a Dealing Day or such other time or other Business Day as the Manager may from time to time with the approval of the Trustee determine, as described in the Appendices for the relevant Sub-Funds
"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 instruments which derive their value from the value and characteristics of one or more underlying assets
"**Fund**"	CCB International RMB 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$"	Hong Kong Dollars, the lawful currency of Hong Kong
"**Issue Price**"	in respect of each Sub-Fund the issue price per Unit as more fully described in the section "PURCHASE OF UNITS"
"**Manager**"	CCB International Asset Management Limited
"**Net Asset Value**"	the net asset value of the Fund or a Sub-Fund or of a Unit, as the context may require, calculated in accordance with the provisions of the Trust Deed as summarised below under the section headed "VALUATION"
"**Redemption Price**"	the price at which Units will be redeemed as more fully described in the section headed "REDEMPTION OF UNITS"
"Registrar"	BOCI-Prudential Trustee Limited in its capacity as registrar of the Fund
"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 currency of the PRC
"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
"**SFC**"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance, Laws of Hong Kong (Chapter 571)

"**Sub-Fund**"	a separate pool of assets of the Fund that is invested and administered separately	
"substantial financial institution"	has the same meaning as in the Code	
"**Trust Deed**"	the trust deed dated 29 December 2010 establishing the Fund and entered into by the Manager and the Trustee as supplemented, amended and restated from time to time	
"**Trustee**"	BOCI-Prudential Trustee Limited in its capacity as trustee of the Fund	
"**Unit**"	a unit in a Sub-Fund	
"**Unitholder**"	a person registered as a holder of a Unit	
"**US$**"	the lawful currency of the United States of America	
"**Valuation Day**"	each Dealing Day or such other day as the Manager may from time to time determine as described in the Appendix for the relevant Sub-Fund(s)	
"**Valuation Point**"	the close of business in the last of the relevant market to close on each Valuation Day or such other time on such other day as the Manager may from time to time determine, as described in the Appendix for the relevant Sub-Fund to calculate the Net Asset Value	C7 C2B

THE FUND

CCB International RMB Fund Series is an open-ended unit trust established as an umbrella fund pursuant to the Trust Deed and governed by the laws of Hong Kong. All Unitholders are entitled to the benefit of, are bound by and deemed to have notice of the provisions of the Trust Deed. C1

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

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

INVESTMENT OBJECTIVE

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

MANAGEMENT OF THE FUND

The Manager

CCB International Asset Management Limited is the Manager of the Fund. It was incorporated with limited liability 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. The Manager was appointed the manager of the Fund pursuant to the Trust Deed. Investors may contact Mr. LEE Yat Chun, director of the Manager at +852 3911 8361 for queries regarding information of the Manager. C3(a)

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

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

The Trustee and the Registrar

C3(b) 4.2

BOCI-Prudential Trustee Limited, which is a registered trust company registered under Part VIII of the Trustee Ordinance (Chapter 29 of the Laws of Hong Kong) in Hong Kong, has been appointed as Trustee and Registrar of the Fund.

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

C26

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

The Custodian

C3(b)

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

BOCHK was incorporated in Hong Kong on 16 October, 1964. As a locally incorporated licensed bank, it was re-structured to the present form since 1 October 2001 by combining the businesses of ten of the twelve banks in Hong Kong originally belonging to the Bank of China Group. In addition, it holds shares in BOC Credit Card (International) Limited as well as a number of subsidiaries in specialized business areas.

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

With an extensive branch network in Hong Kong, servicing more than 600,000 corporates and 2 million retail customers, BOCHK is the second largest banking group in Hong Kong. It is also widely presented in the ASEAN countries to better service in the local communities. BOCHK

offers a full range of banking services, including global custody and also fund-related services for institutional clients.

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

The Authorised Distributor

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

CLASSES OF UNITS

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

DEALING DAY AND DEALING DEADLINE

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

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

PURCHASE OF UNITS

Initial Offer

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

Subsequent Subscription

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

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

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

Application Procedure

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

The Application Form may also be sent by facsimile or any other means as agreed by the Manager and the Trustee provided the original follows promptly.

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

The Manager, at its discretion, is entitled to impose a preliminary charge of up to 5.00% on the Issue Price of each Unit, and the current rates are described in the relevant Appendix for each Sub-Fund. The Manager may retain the benefit of such charge or may re-allow or pay all or part of the preliminary charge (and any other fees received) to intermediaries or such other persons as the Manager may at its absolute discretion determine. The Manager also has discretion to waive the preliminary charge in whole or in part in relation to any subscription for Units whether generally or in a particular case. C14(a) 6.16

Investment Minima

Details of the minimum initial subscription, minimum holding amount, minimum subsequent subscription and minimum redemption amounts applicable to each class of Units in each Sub-Fund are set out in the relevant Appendix. C4

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

Payment Procedure

Applications will generally be accepted on a Dealing Day only if application moneys have been received on or prior to such Dealing Day in relation to which Units are to be issued. Notwithstanding the above, a Sub-Fund may rely upon Application Forms received and may issue Units to investors according to such Application Forms and invest the expected application amounts. If payment is not cleared within 4 Business Days following the relevant Dealing Day (or such other date as the Manager shall determine and notify the relevant applicant at the time of receipt of the application), the Manager reserves the right to cancel the transaction. In such circumstances, an investor may be required to settle the difference between the prices at issue and at cancellation of the Units concerned and in addition the appropriate cancellation fees and charges. C9

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

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

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

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

C12

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

General

All holdings will be held for investors in registered form and no certificates will be issued. Evidence of title will be the entry on the register of Unitholders. Unitholders should therefore be aware of the importance of ensuring that the Manager and the Trustee are informed of any change to the registered details. C6

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

REDEMPTION OF UNITS

Redemption Procedure

Unitholders who wish to redeem their Units may do so on any Dealing Day by submitting a redemption request to the Authorised Distributors before the Dealing Deadline for the relevant Sub-Fund, as defined in the relevant Appendix. Unless otherwise stated in the Appendix of the relevant Sub-Fund, redemption requests received after the Dealing Deadline will be carried forward and dealt with on the next following Dealing Day, subject to the Manager's discretion to accept late redemption requests. C9

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

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

A redemption request must be given in writing (and, if sent by facsimile or other means as agreed by the Manager and the Trustee, the original must follow promptly by mail), and must specify (i) the name of the Sub-Fund and the value or number of Units to be redeemed (ii) the relevant

class of Units to be redeemed (iii) the name(s) of the registered holder(s); and (iv) the payment instructions for the redemption proceeds.

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

Payment of Redemption Proceeds

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

C14(a)

The Manager may at its option impose a redemption charge of up to 5.25 % of the Redemption Price of the relevant class of Units to be redeemed. The redemption charge, if any, is described in the relevant Appendix. The Manager may on any day in its sole and absolute discretion differentiate between Unitholders as to the amount of the redemption charge to be imposed (within the permitted limit).

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

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

The Manager or the Trustee, as the case may be, may, in its absolute discretion, refuse to make a redemption payment to a Unitholder if (i) the Manager or the Trustee, as the case may be, suspects or is advised that the payment of any redemption proceeds to such Unitholder may result in a breach or violation of any anti-money laundering law by any person in any relevant jurisdiction or other laws or regulations by any person in any relevant jurisdiction, or such refusal is considered necessary or appropriate to ensure the compliance by the Fund, the Manager, the Trustee or its other service providers with any such laws or regulations in any relevant jurisdiction; or (ii) there is a delay or failure by the redeeming Unitholder in producing any information or documentation required by the Trustee and/or the Manager or their respective duly authorised agent for the purpose of verification of identity. C11

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

Subject as mentioned above and so long as relevant account details have been provided, redemption proceeds will be paid in the base currency of the relevant Sub-Fund by direct transfer or telegraphic transfer, normally within 7 Business Days after the relevant Dealing Day (or as otherwise specified in the Appendix of the relevant Sub-Fund) and in any event within one calendar month of the relevant Dealing Day or (if later) receipt of a properly documented request for redemption of Units, unless the market(s) in which a substantial portion of investments is made is subject to legal or regulatory requirements (such as foreign currency controls), rendering the payment of the redemption money within the aforesaid time period not practicable. In such case, the extended time frame for payment should reflect the additional time needed in light of the specific circumstances in the relevant market(s). C10

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

currency of the relevant Sub-Fund and sent to the redeeming Unitholder at the last known address held in the records of the Registrar.

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

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

SWITCHING BETWEEN UNIT CLASSES AND SUB-FUNDS

C9

Unitholders have the right (subject to any suspension in the determination of the Net Asset Value of any relevant Sub-Fund and such limitations as described in the Appendix for the relevant Sub-Fund or as the Manager after consulting with the Trustee may impose) to switch all or part of their Units of any class relating to a Sub-Fund (the "**Existing Class**") into Units of any other class in the same Sub-Fund or into Units relating to another Sub-Fund (the "**New Class**") by giving notice in writing to the Authorised Distributors. A request for switching will not be effected if as a result the relevant Unitholder would hold less than the minimum holding amount of Units of the Existing Class or the New Class prescribed by, or is prohibited from holding Units of the New Class under, the relevant Appendix. Unless the Manager otherwise agrees, Units of a class can only be switched into Units of the same class of another Sub-Fund.

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

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

The rate at which the whole or any part of a holding of Units of the Existing Class will be switched to Units of the New Class will be determined in accordance with the following formula:

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

Where:

N is the number of Units of the New Class to be issued.

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

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

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

S is the Issue Price per Unit for the New Class applicable on the Dealing Day of the New Class or immediately following the relevant Dealing Day 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 Dealing Day for the New Class falling on or after the satisfaction of such conditions.

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

The Manager has a right to impose a switching charge of up to 5.25% of the Issue Price of the Units of the New Class in relation to the switching of Units and the current rates are set out in the relevant Appendix. C14(a)

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

If there is, at any time during the period from the time as at which the Redemption Price per Unit of the Existing Class is calculated and the time at which any necessary transfer of funds from the Sub-Fund to which the Existing Class relates (the "**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 Redemption Price per Unit of the Existing Class shall be reduced as the Manager considers

appropriate to take account of the effect of that devaluation or depreciation and the number of Units of the New Class which will arise from that switching shall be recalculated as if that reduced Redemption Price had been the Redemption Price ruling for redemption of Units in the Existing Class on the relevant Dealing Day.

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

Restrictions on Redemption and Switching and Liquidity Risk Management

The Manager may, in consultation with the Trustee having regard to the best interests of the Unitholders, suspend the redemption or switching of Units or delay the payment of redemption proceeds during any periods in which the determination of the Net Asset Value of the relevant Sub-Fund is suspended (for details see "Suspension of Calculation of Net Asset Value" below).

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

C2C(b)

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

The Manager's liquidity policy takes into account the investment strategy, the liquidity profile, the redemption policy, the dealing frequency, the ability to enforce redemption limitations and the fair valuation policies of each Sub-Fund. These measures seek to ensure fair treatment and

transparency for all investors. The liquidity management policy involves monitoring the profile of investments held by each Sub-Fund on an on-going basis to ensure that such investments are appropriate to the redemption policy as stated under the section headed "REDEMPTION OF UNITS" above and will facilitate compliance with each Sub-Fund's obligation to meet redemption requests.

C2C(c)
C11
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As a liquidity risk management tool, in respect of the CCB International - RMB Fixed Income Fund, the Manager is entitled, after consultation with the Trustee, having regard to the best interests of Unitholders, to limit the number of Units of the Sub-Fund redeemed on any Dealing Day (whether by sale to the Manager or by cancellation of Units) to 10% of the total number of Units of the Sub-Fund in issue.

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

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 Dealing Day will redeem the same proportion of such Units of that Sub-Fund provided that any holdings so requested to be redeemed being in aggregate of not more than 1% of the total number of Units of any Sub-Fund in issue may be redeemed in full if in the opinion of the Manager with the Trustee's approval the application of such limitation would be unduly onerous or unfair to the Unitholder or Unitholders concerned. Any Units not redeemed (but which would otherwise have been redeemed) will be carried forward for redemption, subject to the same limitation, and will have priority on the next succeeding Dealing Day and all following Dealing Days (in relation to which the Manager has the same power) until the original request has been satisfied in full. If requests for redemption are so carried forward, the Manager will inform the Unitholders concerned within 7 days of such Dealing Day.

The Manager does not authorise practices connected to market timing and it reserves the right to reject any applications for subscriptions or switching of Units from a Unitholder which it suspects to use such practices and take, 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.

FAX OR ELECTRONIC INSTRUCTIONS

If applicants or Unitholders wish to give instructions for subscription, redemption or switching by facsimile or any other electronic means, applicants or Unitholders must first provide to the Registrar an original indemnity relating to fax or transmission via such other electronic means in the application or request.

The Registrar will generally act on faxed or any other electronic instructions for subscription, redemption or switching but may require signed original instructions. However, the Registrar may refuse to act on faxed or any other electronic instructions until the original written instructions are received. The Registrar may, in its absolute discretion, determine whether or not original instructions are also required in respect of subsequent applications or requests for subscription, redemption or switching sent by facsimile or any other electronic means by applicants or Unitholders.

Applicants or Unitholders should be reminded that if they choose to send the applications or requests for subscription, redemption or switching by facsimile or any other electronic means, they bear the risk of such applications or requests not being received. Applicants or Unitholders should note that the Trust, the Manager, the Trustee and the Registrar accept no responsibility for any loss caused as a result of non-receipt or illegibility of any application or request sent by facsimile or any other electronic means or any amendment of such application or request or for any loss caused in respect of any action taken as a consequence of such faxed or any other electronic instruction believed in good faith to have originated from properly authorised persons. This is notwithstanding the fact that a facsimile or any other electronic transmission report produced by the originator of such transmission discloses that such transmission was sent. Applicants or Unitholders should therefore for their own benefit confirm with the Manager or the Registrar safe receipt of an application or a request.

VALUATION

The value of the net assets of each Sub-Fund will be determined as at each Valuation Point in accordance with the Trust Deed. The Trust Deed provides (inter alia) that:- C2B C7 6.11B

(a) except in the case of any interest in a collective investment scheme to which paragraph (b) applies or a commodity, and subject as provided in paragraph (f) below, all calculations based on the value of investments quoted, listed or dealt in on any stock exchange, over-the-counter market or securities market ("**Securities Market**") shall be made by reference to the last traded price or closing price on the principal Securities Market for such investments, at or immediately preceding the Valuation Point, provided that if the Manager in its discretion considers that the prices ruling on a Securities Market other than the principal Securities Market provide in all the circumstances a fairer criterion of value in relation to any such investment, it may adopt such prices; and in determining such prices the Manager and the Trustee shall be entitled to use and rely on without verification electronic price feeds from such source or sources as they may from time to time determine notwithstanding the prices used are not the last traded prices;

(b) subject as provided in paragraphs (c) and (f) below, the value of each interest in any collective investment scheme shall be the net asset value per unit or share as at the same day, or if such collective investment scheme is not valued as at the same day, the last published net asset value per unit or share in such collective investment scheme (where available) or (if the same is not available) the last published redemption or bid price for such Unit or share at or immediately preceding the Valuation Point;

(c) if no net asset value, bid and offer prices or price quotations are available as provided in paragraph (b) above, the value of the relevant investment shall be determined from time to time in such manner as the Manager shall determine with the approval of the Trustee;

(d) the value of any investment which is not quoted, listed or normally dealt in on a market shall be the initial value thereof equal to the amount expended out of the Sub-Fund in the acquisition of such investment (including in each case the amount of stamp duties, commissions and other acquisition expenses) provided that the Manager may with the approval of the Trustee and shall at the request of the Trustee cause a revaluation to be made by a professional person approved by the Trustee as qualified to value such investment;

(e) cash, deposits and similar investments shall be valued at their face value (together with accrued interest) unless, in the opinion of the Manager, any adjustment should be made to reflect the value thereof;

(f) notwithstanding the foregoing, the Manager may in consultation with the Trustee adjust the value of any investment or permit some other method of valuation to be used if, having regard to relevant circumstances, the Manager considers that such adjustment or use of such other method is required to reflect the fair value of the investment. 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; and C2B

(g) the value (whether of a borrowing or other liability, an investment or cash) otherwise than in the base currency of a Sub-Fund shall be converted into the base currency at the rate (whether official or otherwise) which the Manager or the Trustee shall deem appropriate in the circumstances having regard to any premium or discount which may be relevant and to costs of exchange.

Suspension of Calculation of Net Asset Value

The Manager may, after consultation with the Trustee, having regard to the best interests of Unitholders, declare a suspension of the determination of the Net Asset Value of a Sub-Fund for the whole or any part of any period during which: C11 10.6

(a) there is a closure of or the restriction or suspension of trading on any commodities market or securities market on which a substantial part of the investments of the relevant Sub-Fund is normally traded or a breakdown in any of the means normally employed by the Manager or the Trustee (as the case may be) in ascertaining the prices of investments or the Net Asset Value of the relevant Sub-Fund or the Issue Price or Redemption Price per Unit; or

(b) for any other reason the prices of investments held or contracted for by the Manager for the account of that Sub-Fund cannot, in the opinion of the Manager, reasonably, promptly or fairly be ascertained; or

(c) circumstances exist as a result of which, in the opinion of the Manager, it is not reasonably practicable to realise any investments held or contracted for the account of that Sub-Fund or it is not possible to do so without seriously prejudicing the interests of Unitholders of the relevant class; or

(d) the remittance or repatriation of funds which will or may be involved in the realisation of, or in the payment for, the investments of that Sub-Fund or the issue or redemption of Units of the relevant class in the Sub-Fund is delayed or cannot, in the opinion of the Manager, be carried out promptly at normal rates of exchange; or

(e) when a breakdown in the systems and/or means of communication usually employed in ascertaining the value of any of the investments or other assets of that Sub-Fund or the Net Asset Value of that Sub-Fund or the Issue Price or Redemption Price per Unit takes place or when for any other reason the value of any of the investments or other assets of that Sub-Fund or the Net Asset Value of that Sub-Fund or the Issue Price or Redemption Price per Unit cannot in the opinion of the Manager reasonably or fairly be ascertained or cannot be ascertained in a prompt or accurate manner; or

(f) when, in the opinion of the Manager, such suspension is required by law or applicable legal process; or

(g) where that Sub-Fund is invested in one or more collective investment schemes and the realisation of interests in any relevant collective investment scheme(s) (representing a substantial portion of the assets of the Sub-Fund) is suspended or restricted; or

(h) when the business operations of the Manager, the Trustee or any of their delegates in relation to the operations of that Sub-Fund are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riot, strikes or acts of God; or

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

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

Whenever the Manager declares such a suspension it shall, as soon as may be practicable after any such declaration and at least once a month during the period of such suspension, publish a notice in The Standard and the Hong Kong Economic Times. 10.7

No Units in the relevant Sub-Fund may be issued, redeemed or switched during such a period of suspension. C11

INVESTMENT AND BORROWING RESTRICTIONS

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: C2

(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: 7.1

(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: 7.1A

(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: 7.1B

(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; 7.2 7.40

(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; 7.3

(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: 7.3A

(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 Chapter 5.10(b) of the Code 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; 7.4

(h) subject to (g), a Sub-Fund may fully invest in Government and other Public Securities in at least six different issues; 7.5

(i) unless otherwise approved by the SFC, a Sub-Fund may not invest in physical commodities; 7.10

(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**"), 7.11

(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, 7.11A

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 7.11B Note (3)

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; 7.11B Note (2)

(iii) the objective of the underlying schemes may not be to invest primarily in other collective investment scheme(s); 7.11B Note (4)

(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 7.11C

(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; 7.11D

(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: 7.12(a), (b), (d)

(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 7.12(e)

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. 7.42

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; 7.19

(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)); 7.14

(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; 7.15 7.16

(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; 7.17

(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; 7.17

(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 7.18 7.18A

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. 7.20

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 hedging or non-hedging (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: 7.25

(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: 7.26

(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; 7.28(a)

(b) the counterparties to over-the-counter FDI transactions or their guarantors are substantial financial institutions; 7.28(b)

(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 7.28(c)

(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. 7.28(d)

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. 7.28(c) Note

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 7.27

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 7.1 Note (3)

(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: 7.29 7.30(a),(b)

(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. 7.31

Borrowing Restrictions

7.21

Unless otherwise disclosed below or 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 redeem Units or to pay expenses relating to the relevant Sub-Fund. For this purpose, back-to-back loans do not count as borrowing. The assets of a Sub-Fund may be charged or pledged as security for any such borrowings. 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 in this section 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. 7.41

Securities Financing Transactions

The Manager may, on behalf of a Sub-Fund, enter into securities lending, sale and repurchase transactions and reverse repurchase transactions ("**securities financing transactions**") for up to 15% of the assets of the relevant Sub-Fund, 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. C2 7.32

Any incremental income generated from securities lending transactions will be credited to the account of the relevant Sub-Fund after deducting any fees charged by parties operating such transactions.

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; 7.33

- 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; 7.34

- 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. 7.35

For the avoidance of doubt, there is no current intention for the Trust and any Sub-Fund to engage in securities financing transactions, but where any such Sub-Fund does engage 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.

C2A

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; 7.36(a)

(b) Valuation – collateral should be marked-to-market daily by using independent pricing source; 7.36(b)

(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; 7.36(c)

(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; 7.36(d)

(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; 7.36(e)

(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; 7.36(f)

7.36(g)

(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; 7.36(h)

(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 7.36(i)

(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; 7.36(j)

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) Encumbrances - collateral should be free of prior encumbrances. 7.36(k)

(l) 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. 7.36(l)

For the avoidance of doubt, there is no current intention for the Trust and any Sub-Fund to receive any collateral in view of the current strategy of the Trust 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

C19(b)
C2

Investors should consider the following risks and any additional risk(s) relating to any specific Sub-Fund, contained in the relevant Appendix, before investing in any of the Sub-Funds. Investors should note that the decision whether or not to invest remains with them. If investors have any doubt as to whether or not a Sub-Fund is suitable for them, they should obtain independent professional advice.

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

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

(ii) ***China market risk*** - Investing in the China market is subject to the risks of investing in emerging markets generally and the risks specific to the China market.

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

The regulatory and legal framework for capital markets and joint stock companies in the PRC may not be as well developed as those of developed countries. Chinese accounting

standards and practices may deviate significantly from international accounting standards. The settlement and clearing systems of the Chinese securities markets may not be well tested and may be subject to increased risks of error or inefficiency.

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

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

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

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

reduce the liquidity of the relevant Sub-Fund. The Chinese government's policies on exchange control and repatriation restrictions are subject to change, and the Sub-Fund's or the investors' position may be adversely affected.

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

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

(v) ***Currency risk*** - Certain Sub-Funds may be invested in part in assets quoted in currencies other than its base currency. The performance of such Sub-Funds will therefore be affected by movements in the exchange rate between the currencies in which the assets are held and the base currency of the Sub-Funds. Since the Manager aims to maximise returns for such Sub-Funds in terms of their base currency, investors in these Sub-Funds may be exposed to additional currency risk.

(vi) ***Interest rate risk*** - Changes in interest rates may affect the value of a security as well as the financial markets in general. Debt instruments (such as bonds) are more susceptible to fluctuation in interest rates and may fall in value if interest rates change. Generally, the prices of debt instruments rise when interest rates fall, whilst their prices fall when interest rates rise. Longer term debt instruments are usually more sensitive to interest rate changes.

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

(viii) ***Below investment grade and unrated securities risk*** - A Sub-Fund may invest in securities which are below investment grade or which are not rated by any credit rating agencies. In the case where the credit rating is designated/assigned by an internationally recognised credit agency or in the case the credit rating is designated/assigned by a PRC credit rating agency or unrated, the Manager may refer to their credit ratings as one of the factors for reference, but will primarily rely on its own analysis to evaluate each fixed income instrument independently. Investors should note that such securities would generally be considered to have a higher credit risk and a greater possibility of default than more highly rated securities. Such securities are generally subject to lower liquidity, higher volatility and greater risk of loss of principal and interest than high-rated debt securities. If the issuer of securities defaults, or such securities cannot be realised, or perform badly, investors may suffer substantial losses. The market for these securities may be less active, making it more difficult to sell the securities. Valuation of these securities is more difficult and thus the relevant Sub-Fund's prices may be more volatile.

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

(ix) ***Credit Rating Agency Risk*** - The credit appraisal system in mainland China and the rating methodologies employed in mainland China may be different from those employed in other markets. Credit ratings given by mainland China rating agencies may therefore not be directly comparable with those given by other international rating agencies.

(x) ***Valuation Risk*** - Valuation of a Sub-Fund's investments may involve uncertainties and judgmental determinations. If such valuation turns out to be incorrect, this may affect the NAV calculation of a Sub-Fund.

(xi) ***Credit risk*** - An issuer suffering an adverse change in its financial condition could lower the credit quality of a security, leading to greater price volatility of the security. A lowering of the credit rating of a security or its issuer may also affect the security's liquidity, making it more difficult to sell. A Sub-Fund's investment is also subject to the risk that issuers may not make payments on the securities they issue.

(xii) ***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 losses.

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.

(xiii) ***Concentration risk*** - Certain Sub-Funds may invest only in a specific country/region/sector. Each Sub-Fund's portfolio may not be well diversified in terms of the number of holdings, investors should also be aware that such Sub-Funds are likely to be more volatile than a broad-based fund, such as a global or regional equity fund, as they are more susceptible to fluctuations in value resulting from limited number of holdings or from adverse conditions in their respective countries.

(xiv) ***Hedging risk*** - The Manager is permitted, but not obliged, to use hedging techniques to attempt to offset market risks. There is no guarantee that the desired hedging instruments will be available or hedging techniques will achieve their desired result.

C2C(a)

(xv) ***Liquidity risk*** - Some of the markets in which a Sub-Fund invests may be less liquid and more volatile than the world's leading markets and this may result in the fluctuation in the price of securities traded on such markets. Certain securities may be difficult or impossible to sell, and this would affect the Sub-Fund's ability to acquire or dispose of such securities at their intrinsic value. 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.

(xvi) ***FDI and structured product risk*** - The Sub-Funds may invest in FDIs such as options and futures, and in depositary receipts, participation rights and potentially through other instruments which are linked to the performance of securities or indices such as participation notes, equity swaps and equity linked notes, which are sometimes referred to as "structured products". Investment in these instruments can be illiquid, if there is no active market in these instruments. Such instruments are complex in nature. Therefore there are risks of mispricing or improper valuation and possibilities that these instruments do not always perfectly track the value of the securities, rates or indices they are designed to track. Improper valuations can result in increased payments to counterparties or a loss in the value of the relevant Sub-Funds. The instruments will also be subject to insolvency or default risk of the issuers or counterparties. In addition, investment through structured products may lead to a dilution of performance of such Sub-Funds when compared to a fund investing directly in similar assets. Besides, many FDI and structured products involve an embedded leverage. This is because such instruments provide significantly larger market exposure than the money paid or deposited when the transaction is entered into, so a relatively small adverse market movement could expose the relevant Sub-Funds to the possibility of a loss exceeding the original amount invested. 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.

(xvii) ***Restricted markets risk*** - The Sub-Funds may invest in securities in jurisdictions (including China) which impose limitations or restrictions on foreign ownership or holdings. In such circumstances, the Sub-Funds may be required to make investments in the relevant markets directly or indirectly. In either case, legal and regulatory restrictions or limitations may have adverse effect on the liquidity and performance of such investments due to factors such as limitations on fund repatriation, dealing restrictions, adverse tax treatments, higher commission costs, regulatory reporting requirements and reliance on services of local custodians and service providers.

(xviii) ***PRC tax considerations*** – By investing in Renminbi denominated debt instruments issued by tax residents in the PRC, a Sub-Fund may be subject to withholding and other taxes imposed in the PRC. C16

Corporate Income Tax:

Interests

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 withholding tax is levied on the payment of interests on debt instruments issued by PRC tax residents, including bonds issued by enterprises established within mainland China. The general withholding income tax rate applicable is 10%.

Under the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (the "**Arrangement**"), if a Hong Kong tax resident derives interest income from the PRC, the withholding income tax rate can be reduced to 7% provided that the relevant Hong Kong tax residents is the beneficial owner of the interest income under the Arrangement. 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 Corporate Income Tax, 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**").

Capital gains

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 fixed income securities.

For tax residents in Hong Kong that is not a PRC tax resident or have no permanent establishment in the PRC, capital gains arising from the disposal of Renminbi

denominated corporate, government and non-government bonds, pursuant to the Arrangements may only be taxed in Hong Kong as trading income under the laws of Hong Kong. Notwithstanding the aforesaid, as stated in the Taxation section headed "Hong Kong" below, the Fund and the Sub-Funds are not expected to be subject to Hong Kong profits tax as funds authorised by the SFC pursuant to section 104 of the SFO are exempted from Hong Kong Profits Tax. The Manager will seek to ensure that the Sub-Funds can benefit from the Arrangement.

According to the Arrangement, for tax residents in Hong Kong that is not a PRC tax resident or have no permanent establishment in the PRC, capital gains arising from the disposal of shares of PRC enterprises will not be subject to capital gains tax in the PRC provided that the Hong Kong resident holds less than 25% of the entire shareholding of the PRC enterprise and the assets of the PRC enterprise are not comprised directly or indirectly principally of immovable property situated in the PRC.

Value-added Tax ("VAT") and surtaxes:

Interest income received by foreign institutional investors from investments in PRC debt securities shall be subject to VAT unless special exemption applies.

Pursuant to Caishui [2018] No. 108, the interest income of the 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.

Other than the VAT exemption in the paragraph above, Circular [2016] 36 shall apply to levy VAT at 6% on the difference between the selling and purchase prices in trading of marketable securities.

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.

Tax Provision:

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

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 interest from PRC securities (including coupon interest income derived from PRC Bonds issued by the policy banks in the PRC) if the PRC withholding tax ("**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 capital gain and interest, realized or unrealized, derived from investments made by the Fund in the China debt markets. 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.

(xix) ***Counterparty risk*** - Counterparty risk involves the risk that a counterparty or third party will not fulfil its obligations to a Sub-Fund. A Sub-Fund may be exposed to the risk of a counterparty through investments such as bonds, futures and options. To the extent that a counterparty defaults on its obligations and a Sub-Fund is prevented from exercising its rights with respect to the investment in its portfolio, a Sub-Fund may experience a decline in the value and incur costs associated with its rights attached to the security.

(xx) ***Risk of termination*** - a Sub-Fund may be terminated in certain circumstances which are summarised under the section "TERMINATION OF THE FUND OR ANY SUB-FUND". In the event of the termination of a Sub-Fund, such Sub-Fund would have to distribute to the Unitholders their pro rata interest in the assets of the Sub-Fund. It is possible that at the time of such sale or distribution, certain investments held by the relevant Sub-Fund will be worth less than the initial cost of acquiring such investments, resulting in a loss to the Unitholders. Moreover, any organisational expenses (such as establishment costs) with regard to the relevant Sub-Fund that had not yet been fully amortised would be debited against the Sub-Fund's assets at that time.

(xxi) ***FATCA Withholding Risk*** - The U.S. tax provisions commonly known as the Foreign Account Tax Compliance Act ("**FATCA**") generally impose a reporting regime and potentially 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 from non-U.S. entities that have entered into FFI Agreements (as defined below) to 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" in the section "TAXATION" in the Explanatory Memorandum.

(xxii) ***Custody risk*** - Custodians (or sub-custodians (if any)) may be appointed for the purpose of custody of assets (such as cash and securities) of a Sub-Fund. Assets of a Sub-Fund may be exposed to custodial risk. C26

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.

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

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

EXPENSES AND CHARGES

Management Fee

The Manager is entitled to receive a management fee accrued daily and payable monthly in arrears out of each Sub-Fund as a percentage of the Net Asset Value of each class of Unit in a Sub-Fund as at each Valuation Day at the rates set out in the Appendix. C14(b)

The Manager may increase the rate of the management fee payable in respect of a Sub-Fund (up to the maximum rate of 2.5% per annum) on giving not less than one month's prior notice to the Unitholders. C14(c)

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

Trustee Fee

The Trustee is entitled to a Trustee fee, payable out of the assets of each Sub-Fund, based on the Net Asset Value of the relevant Sub-Fund. The current rate of the Trustee fee currently payable to the Trustee in relation to a Sub-Fund is set out in the Appendix for the Sub-Fund. The maximum rate of the Trustee fee is 0.5% per annum subject to a minimum monthly fee (if any) as specified in the relevant Appendix of the Sub-Fund. The Trustee's fee is accrued daily and is payable monthly in arrears. C14(b)

The Trustee also acts as the Registrar of the Fund.

Unitholders shall be given not less than one month's prior notice should there be any increase of the Trustee fee from the current level up to a higher level up to the maximum level as set out above. C14(c)

Custodian Fee

The Custodian is entitled to, among others, transaction charges at customary market rates and custody fees at different rates, largely depending on the investment instruments concerned as well as the markets where the Custodian is required to hold the Sub-Fund's assets. The maximum current rate of the custody fees is set out in the Appendix for the relevant Sub-Fund. The Custodian's fees will be calculated monthly and will be paid monthly in arrears. The Custodian C14(b)

will also be entitled to reimbursement by the Sub-Fund for any out-of-pocket expenses incurred in the course of its duties.

Establishment Costs

The establishment costs of the Fund and the initial Sub-Fund (i.e. CCB International - RMB Fixed Income Fund), which amounted to approximately RMB900,000, have been fully amortised as of 15 December 2015.

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

General

C14(b)

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

Unless otherwise specified by the Manager, each Sub-Fund will bear the cost of (a) all stamp and other duties, taxes, governmental charges, brokerages, commissions, exchange costs and commissions, bank charges, transfer fees and expenses, registration fees and expenses, transaction fees of the Trustee, custodian or sub-custodian and proxy fees and expenses, collection fees and expenses, insurance and security costs, and any other costs, charges or expenses payable in respect of the acquisition, holding and realisation of any investment or other property or any cash, deposit or loan (including the claiming or collection of income or other rights in respect thereof and including any fees or expenses charged or incurred by the Trustee or the Manager or any connected person in the event of the Trustee or the Manager or such connected person rendering services or effecting transactions giving rise to such fees or expenses), (b) the fees and expenses of the Auditors and the Registrar, (c) fees charged by the Trustee in connection with valuing the assets of the Sub-Fund or any part thereof, calculating the issue and redemption prices of Units of the Sub-Fund and preparing financial statements, (d) all legal charges incurred by the Manager or the Trustee in connection with the Sub-Fund, (e) out-of-pocket expenses incurred by the Trustee wholly and exclusively in the performance of its duties, (f) the expenses of or incidental to the preparation of deeds supplemental to the Trust Deed, (g) the expenses of holding meetings of Unitholders and of giving notices to Unitholders, (h) the costs and expenses of obtaining and maintaining a listing for the Units of the Sub-Fund on any stock exchange or exchanges selected by the Manager and approved by the Trustee and/or in obtaining and maintaining any approval or authorisation of the Sub-Fund or in complying with any undertaking given, or agreement entered into in connection

with, or any rules governing such listing, approval or authorisation, and (i) without prejudice to the generality of the foregoing, all costs incurred in publishing the issue and redemption prices of Units of the Sub-Fund, all costs of preparing, printing and distributing all statements, financial reports pursuant to the provisions of the Trust Deed (including the Auditors' fees and Trustee's fee), the expenses of preparing and printing any explanatory memorandum, and any other expenses, deemed by the Manager, after consulting the Trustee, to have been incurred in compliance with or in connection with any change in or introduction of any law or regulation or directive (whether or not having the force of law) of any governmental or other regulatory authority or with the provisions of any code relating to unit trusts.

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

Cash Rebates and Soft Commissions

C15 10.12

Neither the Manager nor any of its connected persons will retain cash or other rebates from brokers or dealers in consideration of directing transactions for a Sub-Fund to such brokers or dealers, save that any such goods and services ("**soft commissions**", including 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) may be retained if:

(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.

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.

C15 10.12

The Manager and/or any of its connected person reserves the right to effect transactions by or through the agency of another person with whom the Manager and/or any of its connected person has an arrangement under which that party will from time to time provide to or procure for the Manager and/or any of its connected person goods, services or other benefits 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.

Any such cash commission or rebates received from any such brokers or dealers shall be for the account of the relevant Sub-Fund. Details of any such commissions will be disclosed in the annual and interim financial report of the relevant Sub-Fund.

TAXATION

C16

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

Hong Kong

(a) Hong Kong Profits Tax:

(i) The Fund:

For so long as the Fund is authorised by the SFC pursuant to section 104 of the SFO then, under present Hong Kong law and practice, the Fund will be regarded as a specified investment scheme under section 26A(1A) of the Inland Revenue Ordinance and any sums received or accrued to the Fund (whether they are sourced from Hong Kong or not) will not be subject to Hong Kong profits tax.

(ii) Unitholders:

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) Hong Kong 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.

China

Investors should also refer to the "PRC tax considerations" under the section headed "RISK FACTORS" to inform themselves of possible tax consequences under PRC laws.

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 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, as amended from time to time (the "**Ordinance**"), first 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 residents in an AEOI partner jurisdiction(s) with which Hong Kong has an agreement in force to conduct AEOI ("**Competent Authority Agreement**" or "**CAA**"); however, the Fund, the Manager and/or their agents will further collect information relating to residents of other jurisdictions.

The Fund (for itself and for each Sub-Fund) is required to comply with the requirements of the Ordinance, which means that the Fund (for itself and for each Sub-Fund) and/or its agents shall collect and provide to the IRD the required information relating to Unitholders and prospective investors. The Ordinance as implemented in Hong Kong requires the Fund (for itself and for each Sub-Fund) to, amongst other things: (i) register the Fund as a "Reporting Financial Institution" with the IRD; (ii) conduct due diligence on its accounts (i.e., accounts held by 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, your date of birth, and in the case where the Unitholder/prospective investor 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, Manager and/or their agent 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 the Unitholders/prospective investors have doubts about their tax residence or other questions, they should seek professional advice. Each Unitholder and prospective investor should consult its own professional advisor(s) on the administrative and substantive implications of AEOI on its current or proposed investment in a Sub-Fund of the Fund.

Foreign Account Tax Compliance

The U.S. tax provisions commonly known as 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 rules are designed to require U.S. persons' direct and indirect ownership of certain foreign financial accounts to be reported to the IRS. The first deadline for FFIs (defined below) in Hong Kong who have entered into an FFI Agreement (defined below) to file FATCA information reports with respect to reportable accounts with the IRS would be March 2015 (90-day extension would be available upon application for reporting certain type of accounts).

Generally, FATCA 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, 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 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.

FINANCIAL REPORTS

The Fund's financial year end is on 31 December in each year. Copies of the annual financial report (in English and Chinese) will be sent to Unitholders as soon as possible, and in any event within four months, after the end of the financial year. The Manager also procures interim financial reports (in English and Chinese) to be forwarded to Unitholders within two months after 30 June in each year. C17 C18 11.6 C18A

The Manager intends to adopt International Financial Reporting Standards in drawing up the annual financial reports of the Fund 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 International Financial Reporting Standards and to include a reconciliation note in the Fund's financial reports. 11.6A

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

DISTRIBUTION OF DIVIDENDS

Unless otherwise described in the relevant Appendix, the Manager does not intend to make any distribution of dividends. C13

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

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

VOTING RIGHTS

Note to 6.15

In respect of the CCB International - RMB Fixed Income 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, 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 at which an extraordinary resolution is to be proposed and not less than 14 days' notice of any meeting at which an ordinary resolution is to be proposed.

The quorum for all meetings is Unitholders present in person or by proxy representing 10% of the Units for the time being in issue except for the purpose of passing an extraordinary resolution. The quorum for passing an extraordinary resolution shall be Unitholders present in person or by proxy representing 25% or more of the Units in issue. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting should be adjourned for not less than 15 days. In the case of an adjourned meeting of which separate notice will be given, such Unitholders as are present in person or by proxy will form a quorum. On a show of hands, every individual Unitholder present in person or by representative has one vote; on a poll every Unitholder present in person, by proxy or by representative has one vote for every Unit of which

he is the holder. In the case of joint Unitholders the senior of those who tenders a vote (in person or by proxy) will be accepted and seniority is determined by the order in which the names appear on the Register of Unitholders. A poll may be demanded by the Chairman or one or more Unitholders present in person or by proxy.

PUBLICATION OF PRICES

The Net Asset Value per Unit of each Sub-Fund at each Valuation Day will be published daily on the Manager's website http://www.ccbintl.com.hk/ (this website has not been reviewed or authorised by the SFC), unless otherwise specified in the relevant Appendix. C8 C22A 11.7

TRANSFER OF UNITS

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

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

COMPULSORY REDEMPTION OR TRANSFER OF UNITS

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

TRUST DEED

The Fund was established under the laws of Hong Kong by a Trust Deed dated 29 December 2010 made between CCB International Asset Management Limited as Manager and BOCI-Prudential Trustee Limited as Trustee, as amended and restated and supplemented from time to time. C1

The Trust Deed contains provisions for the indemnification of the parties and their exculpation from liability in certain circumstances. However, the Trustee and the Manager shall not be exempted from liability in respect of their negligence, default or breach of duty or trust, as provided in the Trust Deed. Unitholders and intending applicants are advised to consult the terms of the Trust Deed. 6.6

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

TERMINATION OF THE FUND OR ANY SUB-FUND

The Fund may be terminated by the Trustee on notice in writing, provided that the Trustee shall certify that in its opinion the proposed termination is in the interest of Unitholders, C24

(a) if the Manager goes into liquidation or if a receiver is appointed over any of their assets and not discharged within 60 days; or

(b) if in the reasonable opinion of the Trustee, the Manager is incapable of performing or fails to perform its duties satisfactorily or shall do any other thing which in the opinion of the Trustee is calculated to bring the Fund into disrepute or to be harmful to the interests of the Unitholders; or

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

(d) within 30 days of the Manager leaving office, no new manager is appointed; or

(e) no new trustee is appointed within six months of the Trustee giving notice of its desire to retire.

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

(a) on any date, in relation to the Fund, the aggregate Net Asset Value of all Units outstanding thereunder shall be less than RMB30 million or in relation to a Sub-Fund, the aggregate Net Asset Value of the Units of the relevant class outstanding thereunder shall be less than RMB30 million or such other amounts as disclosed in the relevant Appendix; or

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

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

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

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

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. C25

ANTI-MONEY LAUNDERING REGULATIONS

As part of the responsibility of the Trustee 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/jurisdiction recognised as having sufficient anti-money laundering regulations.

The Trustee 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 and/or the Manager may refuse to accept the application and the related application moneys. None of the Trustee, 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 and the Trustee may from time to time act as trustee, administrator, registrar, manager, custodian, investment manager 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. Each will, at all times, have regard in such event to its obligations to the Fund and will endeavour to ensure that such conflicts are resolved fairly. In any event, the Manager shall ensure that all investment opportunities will be fairly allocated.

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.

All transactions carried out by or on behalf of a Sub-Fund will be at arm's length in compliance with applicable laws and regulations. Any transactions between a Sub-Fund and the Manager or any of its connected persons as principal may only be made with the prior written consent of the Trustee. All such transactions shall be disclosed in the relevant Sub-Fund's annual financial reports.

Transactions for a Sub-Fund may be carried out with or through brokers or dealers which are connected persons of the Manager. The Manager will ensure that all transactions carried out by or on behalf of the Sub-Fund will be in compliance with all applicable laws and regulations, and that it complies with the following obligations in respect of any transactions conducted with or through such connected persons:

(a) such transactions should be on arm's length terms;

(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 Sub-Fund's annual report.

DOCUMENTS AVAILABLE FOR INSPECTION

C20

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

(a) the Trust Deed, and any supplemental deeds;

(b) all material contracts (if any, as may be specified in the relevant Appendix); and

(c) the latest financial reports of the Fund.

APPENDIX I - CCB International - RMB Fixed Income Fund

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

Application Moneys / Redemption Proceeds

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

Base Currency

The base currency of the Sub-Fund is RMB. C5

Investment Objective and Policy

The investment objective of the Sub-Fund is to achieve long-term capital return in RMB terms while maintaining a steady flow of income in RMB through investment primarily in a diversified portfolio of debt instruments denominated in RMB issued inside or outside mainland China. C2

The Sub-Fund invests primarily (i.e. not less than 70% of its Net Asset Value) in RMB denominated debt securities issued inside or outside mainland China by government, quasi-government organizations, financial institutions, multinational organizations and other corporations.

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

The Sub-Fund may invest substantially (up to 100% of its Net Asset Value) in debt securities rated below investment grade (in the case where the credit rating is designated/assigned by an internationally recognized credit agency (i.e. Moody's, Standard and Poor's and/or Fitch, and such agencies' respective below investment grade threshold rating i.e. Baa3, BBB- and BBB-) / BB+ or below (in the case the credit rating is designated/assigned by a PRC credit rating agency)) or unrated. In the case where the credit rating is designated/assigned by an internationally recognised credit agency or in the case the credit rating is designated/assigned by a PRC credit rating agency or unrated, the Manager may refer to their credit ratings as one of the factors for

reference, but will primarily rely on its own analysis to evaluate each fixed income instrument independently. For the purpose of the Sub-Fund, "unrated bond" is defined as a bond which neither the bond itself nor its issuer has a credit rating.

The Sub-Fund may make substantial (i.e. 30% or more of its Net Asset Value) investment in debt instruments issued within mainland China via the Bond Connect.

In this Appendix, "Bond Connect" means the initiative launched in July 2017 that establishes mutual bond market access between Hong Kong and mainland China. Under the prevailing regulations in Mainland China, eligible foreign investors can invest in the CIBM through the northbound trading link of Bond Connect ("**Northbound Trading**"). For further details, please refer to the section headed "Bond Connect" below.

The Sub-Fund may also invest in other RMB denominated deposits including but not limited to bank certificate of deposits, bank deposits and negotiated term deposits.

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

Subject to and without limiting the investment restrictions set out in the section headed "INVESTMENT AND BORROWING RESTRICTIONS", the Sub-Fund will also comply with the following restrictions: the Sub-Fund's investments in RMB Income Instruments issued by an issuer together with any bank deposits with such issuer will not in aggregate exceed 10% of its Net Asset Value, except: (a) where the issuer is a substantial financial institution and the total investments does not exceed 10% of the issuer's issued capital and published reserves, the limit may be increased to 20%; or (b) in respect of any deposit of less than US$1 million or its equivalent in RMB, where the Sub-Fund cannot otherwise diversify as a result of its size.

The Sub-Fund will not invest in any structured deposits or products. The Manager currently does not intend to enter into any securities lending transactions, sale and repurchase transactions, reverse repurchase transactions or other similar arrangement in respect of the Sub-Fund. If the Manager intends to enter into such transactions, subject to the SFC's prior approval (if required), Unitholders will be given one month's prior notice.

For the avoidance of doubt, the Sub-Fund will not use FDIs for any purposes.

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

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

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

Bond Connect

Bond Connect is a mutual market access scheme allowing overseas investors to trade in bonds circulated on the CIBM through the connection between mainland China and Hong Kong financial infrastructure institutions without quota limitations.

The Northbound Trading link commenced on 3 July 2017 with transactions being made possible through mutual access arrangements in respect of trading, custody and settlement. It involves China Foreign Exchange Trading System, China Central Depository & Clearing Co, Shanghai Clearing House, Hong Kong Exchanges & Clearing and the Central Moneymarkets Unit ("**CMU**").

Under the prevailing regulations in mainland China, an offshore custody agent recognised by the Hong Kong Monetary Authority (currently, the CMU) shall open omnibus nominee accounts with the onshore custody institutions recognised by the People's Bank of China. All bonds traded by eligible overseas investors will be registered in the name of CMU, which shall hold such bonds as a nominee holder.

Further information about Bond Connect is available online at the website: http://www.chinabondconnect.com/en/index.htm.

Investment Strategy

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

- Duration strategy - The Sub-Fund will adjust the duration risk profile of the investment portfolio based on expectations of global and China's macroeconomic cycle, fiscal policy and monetary policy. For example, if RMB interest rate is expected to fall, the Sub-Fund will increase the average duration of the investment portfolio to better take advantage of the capital gain potential from lower yield, and vice versa.

- Term structure strategy - The Sub-Fund will adjust the allocation of short-term, medium-term and long-term securities based on the expected changes in the shape of the RMB yield curve term structure. The Sub-Fund may adopt, based on the expected changes in the shape of the RMB yield curve term structure, bullet-type (an investment strategy that involves purchasing a number of bonds and debt securities with similar maturity dates), barbell-type (an investment strategy that involves purchasing both short-term and long-term but not intermediate-term bonds and debt securities) or ladder-type (an investment strategy that involves allocating the portfolio evenly among bonds and debt securities that mature at regular intervals) strategy. The choices of strategy will be adjusted dynamically.

- Sector allocation strategy - The Sub-Fund will adjust the allocation of investment among government debts, quasi-government debts, private sector debts and debts that bear higher credit risk to seek better tax-adjusted and risk-adjusted returns among various investment instruments. The Sub-Fund will also adjust the allocation of investment among RMB Income Instruments issued by private sector issuers of different industry/sector background to seek better tax-adjusted and risk-adjusted returns

- Product selection strategy- Through extensive in-house research and research by external analysts on the fundamentals of different issuers, the Sub-Fund seeks to invest in issues that offer expected excess return with regard to credit ratings and fundamentals. The Sub-Fund, however, does not have explicit restrictions/requirements on the minimum credit ratings of the RMB Income Instruments it holds and may invest substantially in unrated instruments.

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

The Manager will construct the portfolio to take advantage of the expected change in the general level of RMB interest rates. The portfolio will consist of RMB Income Instruments of different

maturities and credit quality and bank deposits, and each instrument in the portfolio will be selected based on extensive fundamental research and various pre-determined criteria / parameters.

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

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

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

Specific Risk Factors C2

Investors should refer to the relevant risks under the section headed "RISK FACTORS" on page 34 in the main part of the Explanatory Memorandum, and the following specific risk factors for the Sub-Fund.

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

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

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

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

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

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

In relation to RMB Income Instruments issued or distributed within mainland China, the credit appraisal system in the mainland China and the rating methodologies employed in the mainland China may be different from those employed in other markets. Credit ratings given by mainland China rating agencies may therefore not be directly comparable with those given by other international rating agencies.

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

Liquidity risk – RMB Income Instruments that are currently not listed on a stock exchange or a securities market where trading is conducted on a regular basis may be subject to additional liquidity risk. For example, low trading volume of certain debt securities in the CIBM may cause market volatility and potential lack of liquidity. There is no guarantee that market making arrangements will be in place to make a market and quote a price for all RMB Income Instruments. In the absence of an active secondary market, the Sub-Fund may need to hold the relevant RMB Income Instruments until their maturity date. If sizeable redemption requests are received, the Sub-Fund may need to liquidate its investments at a substantial discount in order to satisfy such requests and the Sub-Fund may suffer losses in trading such instruments. Even if a secondary market exists for any RMB Income Instruments, the price at which such instruments are traded on the secondary market may be higher or lower than the initial subscription price due to many factors including the prevailing interest rates.

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

Risks associated with Bond Connect – Investing in debt securities via Bond Connect is subject to various risks including volatility risk, market risk, renminbi currency risk, liquidity risk, settlement and counterparty risk as well as other risk factors typically applicable to RMB Income Instruments. Investors should refer to the risk factors "Credit risk of issuers of counterparties", "Risk of limited pool of investments" and "Liquidity risk" above and the risk factors "Market risk", "China market risk", "Renminbi currency risk", "Emerging market risk", "Liquidity risk" and "Counterparty risk" under the section "RISK FACTORS" in the main part of the Explanatory Memorandum.

The Sub-Fund may also be exposed to regulatory risks relating to Bond Connect. The relevant rules and regulations on Bond Connect are subject to change which may have potential retrospective effect. In the event that the relevant PRC authorities suspend account opening of Bond Connect or trading through Bond Connect, the Sub-Fund's ability to invest in the CIBM will be adversely affected. In such event, the Sub-Fund's ability to achieve its investment objective may be negatively affected.

There is no assurance that the trading platforms and operational systems of Bond Connect will function properly or will continue to be adapted to changes and developments in the market. In the event that the relevant platforms and systems fail to function properly, trading through Bond

Connect may be disrupted and the Sub-Fund's ability to trade through Bond Connect and hence to pursue its investment strategy may be negatively affected.

The Sub-Fund may be subject to the risks of default or errors on the part of third parties, including without limitation, the offshore custody agent, registration agents, or other third parties (as the case may be), given that the relevant filings or registration with the People's Bank of China Shanghai Head Office and the account opening and operations in relation to investments through Bond Connect shall be carried out via such third parties.

Currently, the bonds acquired by the Sub-Fund through Bond Connect are registered in the name of CMU as nominee and held in its account with the onshore custody institutions. The CMU will in turn provide bond registration and depository service for overseas investors trading under Bond Connect. The Sub-Fund is exposed to potential risk where the precise nature and rights of the Sub-Fund in the bonds held by CMU as nominee holder is not well defined under PRC law, and thus the exact nature and methods of enforcement of the rights and interests of the Sub-Fund under PRC law through CMU or directly may not be certain. Nevertheless, a delivery versus payment (DVP) settlement system for transactions through the Bond Connect scheme was implemented in August 2018 thereby reducing settlement risk.

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

The Manager reserves the right to vary the amount of tax provision (if any) for the Sub-Fund as it considers necessary in order to meet the potential tax liability for gains on investments in debt securities via Bond Connect.

Available Classes

Class A, Class B, Class C and Class D Units are available for sale to the retail public in Hong Kong and Macau. C5

Initial Offer

Units of the following classes of the Sub-Fund will be offered for the first time at the following Issue Price at the initial launch :

Class	Issue Price per Unit
Class B	RMB100
Class C	RMB100
Class D	RMB100

Investment Minima C4

Minimum Subscription Amount	**Class A**: RMB10,000 **Class B**: RMB30,000 **Class C**: RMB500,000 **Class D**: RMB1,000,000
Minimum Subsequent Subscription Amount	**Class A**: RMB10,000 **Class B**: RMB30,000 **Class C**: RMB500,000 **Class D**: RMB1,000,000
Minimum Holding Amount	**Class A**: Units with aggregate minimum value of RMB10,000 **Class B**: Units with aggregate minimum value of RMB30,000 **Class C**: Units with aggregate minimum value of RMB500,000 **Class D**: Units with aggregate minimum value of RMB1,000,000
Minimum Redemption Amount	**Class A**: Units with aggregate minimum value of RMB10,000 **Class B**: Units with aggregate minimum value of RMB30,000 **Class C**: Units with aggregate minimum value of RMB500,000 **Class D**: Units with aggregate minimum value of RMB1,000,000

Fees

Fees payable by investors C14(a)

Preliminary Charge (% of Issue Price)	**All Classes**: up to 5.0%
Redemption Charge (% of Redemption Price)	**All Classes**: nil
Switching Charge (% of Issue Price of the class being switched into)	**All Classes**: nil

Fees payable by the Sub-Fund C14(b)

Management Fee (% Net Asset Value of the Sub-Fund)	**Class A**: 0.7% p.a. **Class B**: 0.3% p.a. **Class C**: 0.2% p.a. **Class D**: 0.1% p.a.
Trustee Fee (% Net Asset Value of the Sub-Fund)	**All Classes**: 0.175% p.a., subject to a minimum monthly fee of RMB40,000 per Sub-Fund
Custody Fees (% Net Asset Value of the Sub-Fund)	**All Classes:** up to 0.025% p.a.

Establishment Costs

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

Dealing Day

Every Business Day. 6.11B

Dealing Deadline

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

Subscription, Redemption and Switching of Units

For details regarding the procedures for subscription, redemption and switching, see the main part of the Explanatory Memorandum under "Purchase of Units", "Redemption of Units" and "Switching between Unit Classes and Sub-Funds". C9

Switching of Units

Switching of Units in the CCB International - RMB Fixed Income Fund to or from Units of other Sub-Funds (if any) of CCB International RMB Fund Series is not permitted. C9

Switching of Units in a class of Units in the Sub-Fund to another class of Units of the same Sub-Fund is permitted. Please refer to the main part of the Explanatory Memorandum under "Switching between Unit Classes and Sub-Funds" for details.

Distributions

The Manager has discretion as to whether or not to make any distribution of dividends, the frequency of distribution and amount of dividends. It is currently intended that distributions will be made on a semi-annual basis (i.e. June and December each year) in RMB. There is no guarantee of regular distribution and if distribution is made the amount being distributed. It is the current intention of the Manager that only the net income (the income net of expenses) of the Sub-Fund may be distributed. No distribution will be paid out of the Sub-Fund's capital. C13

Valuation

The Valuation Day will be each Dealing Day and the Valuation Point is the close of business in the last relevant market to close on each Valuation Day. C2B