CCB INTERNATIONAL INVESTMENT FUND SERIES

EXPLANATORY MEMORANDUM

24 June 2026

IMPORTANT INFORMATION FOR INVESTORS

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

This Explanatory Memorandum comprises information relating to CCB International Investment Fund Series ("**Fund**") and its sub-funds ("**Sub-Funds**"). The Fund is an open-ended unit trust established as an umbrella unit trust under the laws of Hong Kong by a trust deed dated 29 January 2021 ("**Trust Deed**") between CCB (Asia) Trustee Company Limited ("**Trustee**") as trustee and CCB International Asset Management Limited ("**Manager**") as manager.

The Manager accepts full responsibility for the accuracy of the information contained in this Explanatory Memorandum and the Product Key Facts Statement of each Sub-Fund, and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement in this Explanatory Memorandum or the Product Key Facts Statement misleading. However, neither the delivery of this Explanatory Memorandum and the Product Key Facts Statement nor the offer or issue of Units shall under any circumstances constitute a representation that the information contained in this Explanatory Memorandum or the Product Key Facts Statement is correct as of any time subsequent to the date of publication. This Explanatory Memorandum and the Product Key Facts Statement may from time to time be updated.

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

Authorisation and Approval

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

Authorisation is given to CCB International Asset Management Limited and its agent to advertise and market the Fund and the Sub-Fund(s) in Macau SAR by the Monetary Authority of Macao (AMCM).

Selling restrictions

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

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

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

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

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

Some of the information in this Explanatory Memorandum is a summary of corresponding provisions in the Trust Deed. Investors should refer to the Trust Deed for further details.

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

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

Enquiries

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

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

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

Further Information

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

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DIRECTORY OF PARTIES

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

Trustee and Registrar
CCB (Asia) Trustee Company Limited
G/F, 6 Des Voeux Road Central
Central
Hong Kong

Directors of the Manager
Mr. LEE Yat Chun
Ms. LI Lu
Mr. ZHANG Lan

Solicitors to the Manager
Deacons
5/F, Alexandra House
18 Chater Road
Central
Hong Kong

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

DEFINITIONS

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

"**AEOI**"	one or more of the following, as the context requires: (a) the OECD Standard for Automatic Exchange of Financial Account Information in Tax Matters – the Common Reporting Standard and any associated guidance; (b) any intergovernmental agreement, treaty, regulation, guidance, standard or other agreement between the Hong Kong government (or any government body in Hong Kong) and any other jurisdiction (including any government bodies in such jurisdiction), entered into in order to comply with, facilitate, supplement or implement the legislation, regulations, guidance or standards described in (a) and (b) above; and (c) any legislation, regulations or guidance in Hong Kong that give effect to the matters outlined in the preceding (a) to (c) above
"**Accounting Date**"	31 December in each year or such other date or dates in each year as the Manager may from time to time select in respect of any Sub-Fund and notify to the Trustee and the Unitholders of such Sub-Fund. The first Accounting Date of the Fund is 31 December 2024 and the first Accounting Date of a Sub-Fund is specified in the relevant Appendix
"**Accounting Period**"	a period commencing on the date of establishment of the Fund or the relevant Sub-Fund (as the case may be) or on the date next following an Accounting Date of the relevant Sub-Fund and ending on the next succeeding Accounting Date for such Sub-Fund or the termination date of such Sub-Fund
"**Amortisation Period**"	in relation to the Fund and/or a Sub-Fund, such period as specified in the relevant Appendix over which establishment costs of the Fund and/or such Sub-Fund will be amortised
"**Appendix**"	in relation to a Sub-Fund, the appendix containing specific information in relation to the Sub-Fund or a Class or Classes of Units in relation thereto which is enclosed with this Explanatory Memorandum and which forms part of this Explanatory Memorandum
"**Application Form**"	the prescribed application form for the subscription of Units and for the avoidance of doubt, the Application Form does not form part of this Explanatory Memorandum
"**Authorised Distributor**"	any person appointed by the Manager to distribute Units of some or all of the Sub-Funds to potential investors
"**Base Currency**"	in relation to a Sub-Fund, means the currency of account of the Sub-Fund as specified in the relevant Appendix

"**Business Day**"	a day (other than a Saturday or Sunday) on which banks in Hong Kong are open for normal banking business, which, unless the Manager and the Trustee determine otherwise, includes a day where banks in Hong Kong provide their services under severe weather conditions, or such other day or days in relation to a Sub-Fund or a Class of Units as the Trustee and Manager may determine from time to time
"**Class**"	any class of Units in issue in relation to a Sub-Fund
"**Class Currency**"	in relation to a Class in a Sub-Fund, means the currency of account of such Class as specified in the relevant Appendix
"**Code**"	the Overarching Principles Section and Section II - Code on Unit Trusts and Mutual Funds of the SFC Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Structured Investment Products or any handbook, guideline and code issued by the SFC, which amend, supplement and clarify the aforesaid Overarching Principles Section and Section II of the SFC Handbook, as may be amended from time to time
"**connected person**"	in relation to a company, means: (a) any person or company beneficially owning, directly or indirectly, 20% or more of the ordinary share capital of that company or able to exercise, directly or indirectly, 20% or more of the total votes in that company; or (b) any person or company controlled by a person who or which meets one or both of the descriptions given in (a); or (c) any member of the group of which that company forms part; or (d) any director or officer of that company or of any of its connected persons as defined in (a), (b) or (c) above
"**Conversion Form**"	the prescribed conversion form for the conversion of Units and for the avoidance of doubt, the Conversion Form does not form part of this Explanatory Memorandum
"**Decimal Places**"	4 decimal places or such other decimal places as the Manager determines
"**Explanatory Memorandum**"	this Explanatory Memorandum including the Appendices, as each may be amended, updated or supplemented from time to time
"**FATCA**"	Sections 1471 through 1474 of the United States Internal Revenue Code of 1986, as amended, the United States Treasury Regulations or other official guidance or interpretations issued thereof or any agreements entered into thereunder
"**Fund**"	CCB International Investment Fund Series
"**Government and other public securities**"	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

"**HK$**" or "**HKD**"	Hong Kong Dollars, the lawful currency of Hong Kong
"**HKFRS**"	Hong Kong Financial Reporting Standards
"**Hong Kong**"	Hong Kong Special Administrative Region of the People's Republic of China
"**Initial Offer Period**"	in relation to a Sub-Fund or a Class or Classes of Units, such period as the Manager may determine for the purpose of making an initial offer of Units of such Sub-Fund or such Class or Classes and as specified in the relevant Appendix (if applicable)
"**Initial Offer Price**"	the price per Unit during the Initial Offer Period as determined by the Manager and as specified in the relevant Appendix (if applicable)
"**Investment Delegate**"	an entity that has been delegated the investment management function of all or part of the assets of a Sub-Fund, the details of which are as specified in the relevant Appendix (if applicable)
"**IOP Deadline**"	12:00 p.m. (Hong Kong time) on the last Business Day of the Initial Offer Period of a Sub-Fund or a particular Class of Units or such other time on such Business Day or such other day as the Manager and the Trustee may from time to time determine and as specified in the relevant Appendix
"**Issue Price**"	the issue price of a Unit of a particular Class after the expiry of the Initial Offer Period calculated in accordance with the Trust Deed and as described below under "***Investing in the Fund - Issue Price***"
"**Mainland China**"	all customs territory of the People's Republic of China
"**Manager**"	CCB International Asset Management Limited in its capacity as the manager of the Fund and its Sub-Funds or such other entity as may be appointed from time to time as the manager of the Fund and its Sub-Funds
"**Minimum Initial Subscription Amount**"	the minimum initial investment for Units in a Sub-Fund or a Class of Units and as specified in the relevant Appendix
"**Minimum Holding Amount**"	the minimum number or value of Units of any Sub-Fund or Class of Units which must be held by any Unitholder and as specified in the relevant Appendix
"**Minimum Redemption Amount**"	the minimum number or value of Units of any Sub-Fund or Class of Units to be redeemed by any Unitholder in respect of a partial redemption of Units and as specified in the relevant Appendix
"**Minimum Subscription Level**"	the total minimum subscription amount, if applicable, to be received on or prior to the close of the Initial Offer Period and as specified in the relevant Appendix

"**Minimum Subsequent Subscription Amount**"	the minimum additional subscriptions for Units in a Sub-Fund or a Class of Units and as specified in the relevant Appendix
"**Net Asset Value**"	in relation to a Sub-Fund means the net asset value of such Sub-Fund or, as the context may require, of a Class of Units or a Unit of such Sub-Fund or a Unit of the Class or Classes relating to such Sub-Fund, calculated in accordance with the provisions of the Trust Deed and as summarised below under "***Valuation and Suspension - Calculation of Net Asset Value***"
"**Payment Period**"	such period as the Manager with the approval of the Trustee may determine within which payment for Units issued for cash after the Initial Offer Period for such Units is due, and as specified in the relevant Appendix
"**Processing Agent**"	the entity responsible for processing the application, conversion and redemption requests of a Sub-Fund and unless otherwise notified by the Manager, shall mean CCB (Asia) Trustee Company Limited
"**Qualified Exchange Traded Funds**"	exchange traded funds that are: (a) authorized by the SFC under 8.6 or 8.10 of the Code; or (b) listed and regularly traded on internationally recognized stock exchanges open to the public (nominal listing not accepted) and either (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 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 8.10 of the Code
"**Redemption Charge**"	the redemption charge (if any) payable upon redemption of Units and as specified in the relevant Appendix
"**Redemption Day**"	in relation to a Sub-Fund, or, as the context may require, of a particular Class relating to a Sub-Fund, such Business Day or such other day or days as the Manager and the Trustee may from time to time determine, either generally or in respect of a particular Class or Classes of Units, for effecting any requests for redemption of Units in that Sub-Fund or the relevant Class or Classes and as specified in the relevant Appendix
"**Redemption Deadline**"	in relation to a Redemption Day, such time by which a redemption request in respect of a Sub-Fund or a Class of Units must be received either on such Redemption Day or on such other Business Day or day as the Manager and the Trustee may from time to time determine generally or in relation to any particular jurisdiction in which Units of that Sub-Fund or the relevant Class may from time to time be sold and as specified in the relevant Appendix
"**Redemption Form**"	the prescribed redemption form for the redemption of Units and for the avoidance of doubt, the Redemption Form does not form part of this Explanatory Memorandum

"**Redemption Price**"	the price at which Units will be redeemed as determined in accordance with the Trust Deed and as described below under "***Redemption of Units - Redemption Price***"
"**Refund Period**"	3 Business Days from the relevant Subscription Day or close of the relevant Initial Offer Period (as the case may be) or such other period as specified in the relevant Appendix within which subscription moneys in respect of an application which was rejected or a Sub-Fund or a Class of Units which was not launched will be returned to the relevant applicant
"**Registrar**"	CCB (Asia) Trustee Company Limited
"**REITs**"	real estate investment trusts
"**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**"	Renminbi, the lawful currency of the People's Republic of China
"**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 financing transactions**"	collectively securities lending transactions, sale and repurchase transactions and reverse repurchase transactions
"**Securities Market**"	any stock exchange, over-the-counter market or other organised securities market that is open to the international public and on which such securities are regularly traded
"**securities lending transactions**"	transactions whereby a Sub-Fund lends its securities to a security-borrowing counterparty for an agreed fee
"**Semi-Annual Accounting Date**"	30 June in each year or such other date or dates in each year as the Manager may from time to time select in respect of any Sub-Fund and notify to the Trustee and the Unitholders of such Sub-Fund. The first Semi-Annual Accounting Date of the Fund is 30 June 2025 and the first Semi-Annual Accounting Date of a Sub-Fund is specified in the relevant Appendix
"**SFC**"	the Securities and Futures Commission of Hong Kong
"**SFO**"	the Securities and Futures Ordinance, Laws of Hong Kong (Chapter 571), as amended
"**Sub-Fund**"	a separate pool of assets of the Fund that is invested and administered separately
"**Subscription Charge**"	the subscription charge (if any) payable on the issue of Units and as specified in the relevant Appendix
"**Subscription Day**"	in relation to a Sub-Fund, or, as the context may require, of a particular Class relating to a Sub-Fund, such Business Day or such other day or

	days as the Manager and the Trustee may from time to time determine, either generally or in respect of a particular Class or Classes of Units, for effecting any requests for subscription of Units in that Sub-Fund or the relevant Class or Classes and as specified in the relevant Appendix
"**Subscription Deadline**"	in relation to a Subscription Day, such time by which an application for subscription in respect of a Sub-Fund or a Class of Units must be received either on such Subscription Day or on such other Business Day or day as the Manager and the Trustee may from time to time determine generally or in relation to any particular jurisdiction in which Units of that Sub-Fund or the relevant Class may from time to time be sold and as specified in the relevant Appendix
"**substantial financial institution**"	an authorized institution as defined in section 2(1) of the Banking Ordinance (Chapter 155 of Laws of Hong Kong) or a financial institution which is on an ongoing basis subject to prudential regulation and supervision, with a minimum net asset value of HK$2 billion or its equivalent in foreign currency
"**Switching Fee**"	the switching fee (if any) payable on the conversion of Units and as specified in the relevant Appendix
"**Trust Deed**"	the trust deed dated 29 January 2021 establishing the Fund and entered into by the Manager and the Trustee (as amended from time to time)
"**Trustee**"	CCB (Asia) Trustee Company Limited in its capacity as trustee of the Fund and its Sub-Funds or such other entity as may be appointed from time to time as the trustee of the Fund and its Sub-Funds
"**Unit**"	a unit in a Sub-Fund
"**Unitholder**"	a person registered as a holder of a Unit
"**U.S.**"	United States of America
"**US$**" or "**USD**"	US Dollars, the lawful currency of the United States of America
"**Valuation Day**"	each Business Day on which the Net Asset Value of a Sub-Fund and/or the Net Asset Value of a Unit or a Class of Unit falls to be calculated and in relation to each Subscription Day or Redemption Day (as the case may be) of any Class or Classes of Units means either such Subscription Day or Redemption Day (as the case may be) or such other Business Day or day as the Manager and the Trustee may from time to time determine, either generally or in relation to a particular Sub-Fund or Class of Units, and as specified in the relevant Appendix
"**Valuation Point**"	the close of business in the last relevant market to close on a relevant Valuation Day or such other time on that day or such other day as the Manager and the Trustee may determine from time to time either generally or in relation to a particular Sub-Fund or Class of Units and as specified in the relevant Appendix.

THE FUND

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

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

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

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

MANAGEMENT AND ADMINISTRATION OF THE FUND

Manager

CCB International Asset Management Limited is the Manager of the Fund and the Sub-Funds. It was incorporated in Hong Kong on 29 November 2004. It is an indirect wholly owned subsidiary of China Construction Bank Corporation. The Manager is licensed by 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 undertakes the management of the assets of the Fund. The Manager may appoint one or more Investment Delegates and delegate any of its management functions in relation to assets of specific Sub-Funds to such Investment Delegates subject to prior SFC approval. In the event that an Investment Delegate is appointed by the Manager in respect of an existing Sub-Fund, at least one month's prior notice will be given to Unitholders of such Sub-Fund and this Explanatory Memorandum and/or the relevant Appendix will be updated to include such appointment.

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

Trustee

The Trustee of the Fund is CCB (Asia) Trustee Company Limited. The Trustee was incorporated in Hong Kong on 18 March 2013. It is a registered trustee company under Section 78(1) of the Trustee Ordinance (Cap. 29). The Trustee is a wholly-owned subsidiary of China Construction Bank (Asia) Corporation Limited ("**CCBA**"). CCBA is a Hong Kong incorporated company and it is under the supervision of the Hong Kong Monetary Authority. The principal activities of the Trustee are the provision of trustee services, fund administration services, transfer agency services, and custody services. The Trustee also acts as Registrar of the Trust.

Under the Trust Deed, the Trustee shall take into custody or under its control all the investments, cash and other assets forming part of the assets of each Sub-Fund and hold them in trust for the Unitholders of the relevant Sub-Fund in accordance with the provisions of the Trust Deed and, to the extent permitted by law, shall register cash and registrable assets in the name of or to the order of the Trustee and such investments, cash and other assets of the relevant Sub-Fund shall be dealt with as the Trustee may think proper for the purpose of providing for the safe keeping thereto. The Trustee may, from time to time appoint such person or persons (including a connected person) as custodian, co-custodians, delegate, nominee or agent in respect of the whole or any part of the assets of any Sub-Fund and may empower any such person to appoint, with the prior consent in writing of the Trustee, sub-custodians, nominees, agents and/or delegates. The fees and expenses of such custodian, co-custodian, sub-custodians, nominees, agents, delegates or any persons appointed by the Trustee in relation to the relevant Sub-Fund shall be paid out of the relevant Sub-Fund, as agreed with the Manager from time to time.

The Trustee shall (A) exercise reasonable care, skill and diligence in the selection, appointment and ongoing monitoring of agent, nominee, delegate, custodian, co-custodian or sub-custodian which are appointed for the custody and/or safekeeping of any of the investments, cash, assets or other property comprised in the Sub-Fund of the Fund (each a "**Correspondent**"); and (B) be satisfied that each

Correspondent retained remains suitably qualified and competent on an ongoing basis to provide the relevant services to the Fund or any Sub-Fund. Provided that the Trustee has discharged its obligations set out in (A) and (B) the Trustee shall not be liable for any act, omission, insolvency, liquidation or bankruptcy of any Correspondent that is not a connected person of the Trustee. The Trustee shall remain liable for any act or omission of any Correspondent that is a connected person of the Trustee as if the same were the act or omission of the Trustee. The Trustee shall use reasonable endeavours to recover any loss of investments and other assets arising from any default of a Correspondent.

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

Under the Trust Deed, the Trustee and its directors, officers, employees, delegates and agents shall be entitled for the purpose of indemnity against any actions, proceedings, liabilities, costs, claims, damages, expenses (including all reasonable legal, professional and other similar expenses) or demands to which it may be put or asserted against or which it may incur or suffer, whether directly or indirectly, or which are or may be imposed on the Trustee in performing its obligations, duties or functions, or exercising its powers, authorities or discretions under the Trust Deed or relating to a Sub-Fund to have recourse to the assets of the relevant Sub-Fund or any part thereof but shall not have a right of recourse to the assets of any other Sub-Fund. Notwithstanding the foregoing, the Trustee shall not be exempted from or indemnified against any liability imposed under the laws of Hong Kong (including under the Trustee Ordinance (Chapter 29 of the Laws of Hong Kong)) or for breach of trust through fraud or negligence for which it may be liable in relation to its duties, or be indemnified against such liability by Unitholders or at Unitholders' expense.

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

The Trustee is not responsible for the preparation or issue of this Explanatory Memorandum other than the disclosures on the profiles of the Trustee as set out herein.

Authorised Distributors

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

Where application for Units is made by an applicant through an Authorised Distributor, Units may be registered in the name of the Authorised Distributor or a nominee company of the Authorised Distributor. As a result of this arrangement, the applicant will be dependent on the person in whose name the applicant's Units are registered to take action on his/her behalf. As the Authorised Distributor (or its nominee) is the Unitholder of the relevant Sub-Fund, the Manager and the Trustee shall not be responsible for any arrangements between the relevant applicant and the Authorised Distributor regarding the subscription, holding and redemption of Units and any related matters, as well as any costs or losses that may arise therefrom. The Manager will, however, take reasonable care in the selection and appointment of Authorised Distributor(s).

Investors who apply for subscription, redemption and/or conversion of Units through Authorised

Distributor(s) should note that such Authorised Distributor(s) may impose earlier dealing deadlines for receiving instructions for subscriptions, redemptions or conversions. Investors should pay attention to the arrangements of the Authorised Distributor(s) concerned.

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

Other Service Providers

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

INVESTMENT CONSIDERATIONS

Investment Objective and Policies

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

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

Investment and Borrowing Restrictions

The Trust Deed sets out restrictions and prohibitions on the acquisition of certain investments by the Manager and borrowing restrictions. Unless otherwise disclosed in the relevant Appendix, each of the Sub-Funds is subject to the investment restrictions and borrowing restrictions set out in Schedule 1 to this Explanatory Memorandum.

Breach of Investment and Borrowing Restrictions

If the investment and borrowing restrictions for a Sub-Fund 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, taking due account of the interests of the Unitholders of the relevant Sub-Fund.

Securities Lending, Sale and Repurchase and Reverse Repurchase Transactions

Unless otherwise disclosed in the Appendix of a Sub-Fund, the Manager currently does not intend to enter into any securities financing transactions in respect of any Sub-Fund.

Where it is disclosed in the relevant Appendix, a Sub-Fund may engage in securities lending, sale and repurchase and/or reverse repurchase transactions. A Sub-Fund may engage in securities lending, sale and repurchase and/or reverse repurchase transactions provided that they are in the best interests of Unitholders of the relevant Sub-Fund to do so and the associated risks have been properly mitigated and addressed. Information on a Sub-Fund's securities financing transactions will be included in the annual report of the Sub-Fund. A summary of the policy of the Manager in relation to securities financing transactions is set out in Schedule 2 to this Explanatory Memorandum.

Investment via Subsidiary

Where direct investment by a Sub-Fund in a market is not in the best interests of investors, such Sub-Fund may invest through a wholly-owned subsidiary company established solely for the purpose of making direct investments in such market subject to the requirements of the Code. Where a Sub-Fund may invest through a wholly-owned subsidiary, further details are set out in the Appendix of such Sub-Fund.

Liquidity Risk Management

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***" below and will facilitate compliance with each Sub-Fund's obligation to meet redemption requests.

The Manager will also perform liquidity stress testing on each Sub-Fund on an ongoing basis; normally on a quarterly basis but in times of adverse market conditions or during the period where there are large redemption requests, the stress tests will be performed more frequently as necessary.

The following tools may be employed by the Manager to manage liquidity risks:

- the Manager may limit the number of Units of any Sub-Fund redeemed on any Redemption Day to 10% of the total number of Units of the relevant Sub-Fund in issue (subject to the conditions under the heading entitled "***Restrictions on Redemption***" in the section "***Redemption of Units***"). If such limitation is imposed, this would restrict the ability of a Unitholder to redeem in full the Units he intends to redeem on a particular Redemption Day;

- subject to the restrictions in Schedule 1, the Manager may borrow in respect of a Sub-Fund to meet redemption requests;

- the Manager may, after consultation with the Trustee, suspend redemption under exceptional circumstances as set out under the heading entitled "***Suspension***" in the section headed "***Valuation and Suspension***". During such period of suspension, Unitholders would not be able to redeem their investments in the relevant Sub-Fund;

- the Manager may, in calculation of the Issue Price and the Redemption Price, add an appropriate allowance reflecting the fiscal and purchase charges and the difference between the last traded price (or the mean between the last available bid and asked prices) of the investments of the relevant Sub-Fund and the latest available asked price of such investments (please refer to the heading entitled "***Issue Price***" in the section "***Investing in the Fund – Issue Price***") or deduct an appropriate allowance reflecting the fiscal and sales charges and the difference between the last traded price (or the mean between the last available bid and asked prices) of the investments of the relevant Sub-Fund and the latest available bid price of such investments (please refer to the heading entitled "***Redemption Price***" in the section "***Redemption of Units***"), to protect the interest of remaining Unitholders. Please refer to the heading entitled "***Adjustment of Prices***" in the section headed "***Valuation and Suspension***" for details. As a result of such adjustment, the Issue Price or the Redemption Price (as the case may be) will be higher or lower than the Issue Price or the Redemption Price (as the case may be) which otherwise would be if such adjustment has not been made.

In practice, the Manager will consult the Trustee before the use of any liquidity risk management tools. Investors should note that there is a risk that the tools may be ineffective to manage liquidity and redemption risks.

RISK FACTORS

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

Risk of not achieving investment objective

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

General investment risk

Investments involve risks. There is no guarantee of the repayment of principal. Investment in a Sub-Fund is not in the nature of a deposit in a bank account and is not protected by any government, government agency or other guarantee scheme which may be available to protect the holder of a bank deposit account. There is no guarantee that in any time period, particularly in the short term, a Sub-Fund's portfolio will achieve appreciation in terms of capital growth. Each Sub-Fund is subject to market fluctuations and to the risks inherent in all investments. A Sub-Fund's investment portfolio may fall in value due to any of the key risk factors set out in this Explanatory Memorandum and the Appendix for the relevant Sub-Fund. The price of Units of any Sub-Fund and the income from them may go down as well as up and therefore an investor may suffer losses on the investor's investment in the relevant Sub-Fund.

Market risk

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

There can be no assurance that an investor will achieve profits or avoid losses, significant or otherwise. The value of investments and the income derived from such investments may fall as well as rise and investors may not recoup the original amount invested in the Sub-Funds. In particular, the value of investments may be affected by uncertainties such as international, political and economic developments or changes in government policies. In falling equity markets, there may be increased volatility. Market prices in such circumstances may defy rational analysis or expectation for prolonged periods of time, and can be influenced by movements of large funds as a result of short-term factors, counter-speculative measures or other reasons and as a result, may have adverse impact to the relevant Sub-Fund and its investors.

Equity investment risks

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

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

Volatility risk

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

Risk relating to small- and mid-capped companies

A Sub-Fund may invest in the securities of small and/or mid-capped companies. Investing in these securities may expose such Sub-Fund to risks such as greater market price volatility, less publicly available information, lower liquidity and greater vulnerability to fluctuations in the economic cycle than those of larger capitalisation companies in general. Their prices are also more volatile to adverse economic developments than those of larger capitalisation companies in general.

Risks of investing in IPO securities

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

Risks relating to debt securities

- *Credit risk*

  Investment in bonds or other debt securities involve credit risk of the issuers. An issuer suffering an adverse change in its financial condition could lower the credit quality of a security, leading to greater price volatility of the security. A lowering of the credit rating of a security or its issuer may also affect the security's liquidity, making it more difficult to sell. A Sub-Fund's investment is also subject to the risk that issuers may not make timely payments on principal and/or interests of the securities they issue. If the issuers of any of the securities in which the Sub-Fund's assets are invested default, the performance of the Sub-Fund will be adversely affected.

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

therefore fully exposed to the credit/insolvency risk of its counterparties as an unsecured creditor.

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

- *Credit ratings risk*

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

- *Credit rating downgrading risk*

  The credit rating assigned to a security or an issuer may be re-evaluated and updated based on recent market events or specific developments. As a result, investment grade securities may be subject to the risk of being downgraded to below investment grade securities. Similarly, an issuer having an investment grade rating may be downgraded, for example, as a result of deterioration of its financial conditions. 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 and such securities continued to be held by the Sub-Fund, the Sub-Fund will also be subject to the below investment grade securities risk outlined in the following paragraph.

- *Below investment grade and unrated securities risk*

  A Sub-Fund may invest in securities which are below investment grade or which are unrated. Investors should note that such securities would generally be considered to have a higher degree of counterparty risk, credit risk and liquidity risk than higher rated, lower yielding securities and may be subject to greater fluctuation in value and higher chance of default. If the issuer of securities defaults, or such securities cannot be realised, or perform badly, investors may suffer substantial losses. The market for these securities may be less active, making it more difficult to sell the securities. Valuation of these securities is more difficult and thus the relevant Sub-Fund's prices may be more volatile.

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

- *Risks associated with collateralised and/or securitised products (such as asset backed securities, mortgage backed securities and asset backed commercial papers) (if applicable)*

  A Sub-Fund may invest in asset backed securities, mortgage backed securities and asset backed commercial papers which may be highly illiquid and prone to substantial price volatility. These

instruments may be subject to greater credit, liquidity and interest rate risk compared to other debt securities. They may be exposed to extension and prepayment risks and risks that the payment obligations relating to the underlying assets are not met, which may adversely impact the returns of the securities.

- *Interest rate risk*

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

- *Valuation risk*

  The value of debt securities that a Sub-Fund invests may be subject to the risk of mispricing or improper valuation, i.e. operational risk that the debt securities are not priced properly. Valuations of quoted or listed debt securities are primarily based on the valuations from independent third party sources where the prices are available. However, in the case where independent pricing information may not be available such as in extreme market conditions or break down in the systems of third party sources, the value of such debt securities may be based on certification by such firm or institution making a market in such investment as may be appointed for such purpose by the Manager after consultation with the Trustee. Valuations in such circumstance may involve uncertainty and judgemental determination.

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

  The valuation of unlisted debt securities is more difficult to calculate than listed debt securities. Normally, unlisted debt securities are valued at their initial value thereof equal to the amount expended out of the relevant Sub-Fund in the acquisition thereof (including in each case the amount of the stamp duties, commissions and other acquisition expenses) provided that the value of any such unlisted debt securities shall be determined on a regular basis by a professional person approved by the Trustee as qualified to value such unlisted debt securities. Such professional person may value the unlisted debt securities by reference to the prices of other comparable unlisted debt securities. The trading of unlisted debt securities may not be transparent and the prices of unlisted debt securities may not be openly displayed. There is a risk that such professional person is not aware of all the trading in unlisted debt securities and may use prices which may be historical only and may not reflect recent trading in the debt securities concerned. In such circumstance, the valuation of the unlisted debt securities may not be accurate as a result of incomplete price information. This would have impact on the calculation of the Net Asset Value of the relevant Sub-Fund.

- *Unlisted debt securities risk*

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

- *Short-term debt securities risk*

  If a Sub-Fund invests significantly in short-term debt securities with short maturities, it means the turnover rates of the Sub-Fund's investments may be relatively high and the transaction costs incurred as a result of the purchase or sale of short-term debt securities may also increase which in turn may have a negative impact on the Net Asset Value of the Sub-Fund.

Risks of investing convertible bonds

A convertible bond is a hybrid between debt and equity, permitting holders to convert the bond into shares in the company issuing the bond at a specified future date. As such, convertible bonds will be exposed to equity risks, in addition to the risks of debt securities generally, and may be subject to greater volatility than straight bond investments. Investments in convertible bonds are subject to the same interest rate risk, credit risk, liquidity risk and prepayment risk associated with comparable straight bond investments.

Risks of investing in other funds

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

Borrowing risks

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

Mainland China market risk

A Sub-Fund investing in Mainland China market is subject to the risks specific to this market.

Since 1978, the China 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 China's political, social or economic policies may have an impact on investments in the Mainland China market.

The value of a Sub-Fund investing in Mainland China market may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the Mainland China market.

The Mainland China market may also involve increased risks and special considerations not typically associated with investment in more developed markets, such as currency risks/control, settlement risk, custody risk and likelihood of a high degree of volatility.

Emerging markets risks

Certain countries in which a Sub-Fund may invest are considered as emerging markets. Investments in emerging markets will be sensitive to any change in political, social or economic development in the region. Many emerging countries have historically been subject to political instability which may affect the value of securities in emerging markets to a significant extent. As emerging markets tend to be more volatile than developed markets, any holdings in emerging markets are exposed to higher levels of risk such as market risk, custody risk and settlement risk.

The securities markets of some of the emerging countries in which a Sub-Fund's assets may be invested are not yet fully developed which may, in some circumstances, lead to a potential lack of liquidity. The securities markets of developing countries are not as large as the more established securities markets and have a substantially lower trading volume. Investment in such markets will be subject to risks such as market suspension, restrictions on foreign investment and control on repatriation of capital.

There are also possibilities of nationalisation, expropriation or confiscatory taxation, foreign exchange control, political changes, government regulation, social instability or diplomatic developments which could affect adversely the economies of emerging markets or the value of the Sub-Funds' investments. In addition, it may be difficult to obtain and enforce a judgment in a court in an emerging country.

Underlying investments of emerging market funds may also become illiquid which may constrain the Manager's ability to realise some or all of the portfolio. Accounting, auditing and financial reporting standards, practices and disclosure requirements applicable to some countries in which a Sub-Fund may invest may differ from those applicable in developed countries, for example, less information is available to investors and such information may be out of date.

Sovereign debt risks

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

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

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

Concentration risk

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

Settlement risk

Settlement procedures in emerging countries are frequently less developed and less reliable and may involve the relevant Sub-Fund's delivery of securities, or transfer of title to securities, before receipt of payment for their sale. A Sub-Fund may be subject to a risk of substantial loss if a securities firm defaults in the performance of its responsibilities. A Sub-Fund may incur substantial losses if its counterparty fails to pay for securities such Sub-Fund has delivered, or for any reason fails to complete its contractual obligations owed to such Sub-Fund. On the other hand, significant delays in settlement may occur in certain markets in registering the transfer of securities. Such delays could result in substantial losses for a Sub-Fund if investment opportunities are missed or if a Sub-Fund is unable to acquire or dispose of a security as a result.

Custodial risk

Custodians or sub-custodians may be appointed in local markets for purpose of safekeeping assets in those markets. Where a Sub-Fund invests in markets where custodial and/or settlement systems are not fully developed, the assets of the Sub-Fund may be exposed to custodial risk. In case of liquidation, bankruptcy or insolvency of a custodian or sub-custodian, the Sub-Fund may take a longer time to recover its assets. In extreme circumstances such as the retroactive application of legislation and fraud or improper registration of title, the Sub-Fund may even be unable to recover all of its assets. The costs borne by a Sub-Fund in investing and holding investments in such markets will be generally higher than in organised securities markets.

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. The Sub-Fund may sustain substantial losses as a result.

Currency and foreign exchange risk

A Sub-Fund may also issue Classes denominated in a currency other than the Base Currency of that Sub-Fund. A Sub-Fund may be invested in part in assets quoted in currencies other than its Base Currency or the relevant Class Currency. The performance of such Sub-Fund will therefore be affected by changes in exchange rate controls (if any) and movements in the exchange rate between the currencies in which the assets are held and the Base Currency of such Sub-Fund or the relevant Class Currency. Since the Manager aims to maximise returns for such Sub-Fund in terms of its Base Currency, investors in such Sub-Fund may be exposed to additional currency risk. These risks may have adverse impact on the relevant Sub-Fund and its investors.

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

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

Derivative and structured product risk

A Sub-Fund may invest in derivatives such as options, futures and convertible securities, and in depositary receipts, participation rights and potentially through other instruments which are linked to the performance of securities or indices such as participation notes, equity swaps and equity linked notes, which are sometimes referred to as "structured products". Investment in these instruments can be illiquid, if there is no active market in these instruments. Such instruments are complex in nature. Therefore there are risks of mispricing or improper valuation and possibilities that these instruments do not always perfectly track the value of the securities, rates or indices they are designed to track. Improper valuations can result in increased payments to counterparties or a loss in the value of the relevant Sub-Fund.

These instruments will also be subject to insolvency or default risk of the issuers or counterparties and over-the-counter markets risk. In addition, investment through structured products may lead to a dilution of performance of such Sub-Funds when compared to a fund investing directly in similar assets. Besides, many derivative and structured products involve an embedded leverage. This is because such instruments provide significantly larger market exposure than the money paid or deposited when the transaction is entered into, so a relatively small adverse market movement could expose the relevant Sub-Fund to the possibility of a loss exceeding the original amount invested. Therefore, exposure to financial derivative instruments may lead to high risk of significant loss by the relevant Sub-Fund.

Over-the-counter markets risk

Over-the-counter ("**OTC**") markets are subject to less governmental regulation and supervision of transactions (in which many different kinds of financial derivative instruments and structured products are generally traded) than organised exchanges. In addition, many of the protections afforded to participants on some organised exchanges, such as the performance guarantee of an exchange clearing house, may not be available in connection with transactions carried out on OTC markets. Therefore, a Sub-Fund entering into transactions on OTC markets will be subject to the risk that its direct counterparty will not perform its obligations under the transactions and that a Sub-Fund will sustain substantial losses as a result.

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

Hedging risk

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

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

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

Liquidity risk

Some of the markets in which a Sub-Fund invests may be less liquid and more volatile than the world's leading stock markets and this may result in the fluctuation in the price of securities traded on such markets. Certain securities may be difficult or impossible to sell, and this would affect the relevant Sub-Fund's ability to acquire or dispose of such securities at their intrinsic value. As a result, this may have adverse impact on the relevant Sub-Fund and its investors.

Difficulties in valuation of investments

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

In addition, market volatility may result in a discrepancy between the latest available issue and redemption prices for the Sub-Fund and the fair value of the Sub-Fund's assets. To protect the interest of investors, the Manager may, after consultation with the Trustee, adjust the Net Asset Value of the

Sub-Fund or the Units, if in the circumstances it considers that such adjustment is required to reflect more accurately the fair value of the Sub-Fund's assets.

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

Restricted markets risk

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

Legal, tax and regulatory risk

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

Risk of termination

The Fund or a Sub-Fund may be terminated in certain circumstances which are summarised under the section "***General Information - Termination of Fund or a Sub-Fund***", including where, on any date, the aggregate Net Asset Value of all Units of the Fund or a Sub-Fund outstanding shall be less than such amount as disclosed in that section. 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.

Risks associated with securities financing transactions

A Sub-Fund which engages in securities financing transactions will be subject to the following risks:

Risks relating to securities lending transactions
Securities lending transactions may involve the risk that the borrower may fail to return the securities lent out in a timely manner. In this event, the relevant Sub-Fund could experience delays in recovering its securities and may possibly incur a capital loss. The value of the collateral may fall below the value of the securities lent out.

Risks relating to sale and repurchase transactions
A Sub-Fund may enter into sale and repurchase transactions with respect to securities. Sale and repurchase transactions involve credit risk to the extent that the Sub-Fund's counterparties may avoid such obligations in bankruptcy or insolvency proceedings, thereby exposing the relevant Sub-Fund to unanticipated losses. The amount of credit risk incurred by the relevant Sub-Fund with respect to a

particular sale and repurchase transaction will depend in part on the extent to which the obligation of the Sub-Fund's counterparty is secured by sufficient collateral. In the event of the failure of the counterparty with which collateral has been placed, the relevant Sub-Fund may suffer loss as there may be delays in recovering collateral placed out or the cash originally received may be less than the collateral placed with the counterparty due to inaccurate pricing of the collateral or market movements.

Risks relating to reverse repurchase transactions

A Sub-Fund may enter into reverse repurchase transactions. If the seller of securities to the Sub-Fund under a reverse repurchase transaction defaults on its obligation to repurchase the underlying securities, as a result of its bankruptcy or otherwise, the relevant Sub-Fund will seek to dispose of such securities, which action could involve costs or delay. If the seller becomes insolvent and subject to liquidation or reorganisation under applicable bankruptcy or other laws, the relevant Sub-Fund's ability to dispose of the underlying securities may be restricted or the Sub-Fund may have difficulty in realising collateral. It is possible, in a bankruptcy or liquidation scenario, that the relevant Sub-Fund may not be able to substantiate its interest in the underlying securities.

In the event of the failure of the counterparty with which cash has been placed, the relevant Sub-Fund may suffer loss as there may be delay in recovering cash placed out or difficulty in realising collateral or proceeds from the sale of the collateral may be less than the cash placed with the counterparty due to inaccurate pricing of the collateral or market movements.

In addition, if a seller defaults on its obligation to repurchase securities under a reverse repurchase transaction, the relevant Sub-Fund may suffer a loss to the extent that it is forced to liquidate its position in the market, and proceeds from the sale of the underlying securities may be less than the cash placed with the counterparty due to inaccurate pricing of the collateral or market movements.

Risks associated with collateral management and re-investment of cash collateral

Where a Sub-Fund enters into a securities financing transaction or an OTC derivative transaction or securities financing transaction, collateral may be received from or provided to the relevant counterparty.

Notwithstanding that a Sub-Fund may only accept non-cash collateral which is highly liquid, the relevant Sub-Fund is subject to the risk that it will be unable to liquidate collateral provided to it to cover a counterparty default. The relevant Sub-Fund is also subject to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

Where cash collateral received by a Sub-Fund is re-invested, the relevant Sub- Fund will be exposed to the risk of a failure or default of the issuer of the relevant security in which the cash collateral has been invested.

Where collateral is provided by a Sub-Fund to the relevant counterparty, in the event of the insolvency of the counterparty, the relevant Sub-Fund may become subject to the risk that it may not receive the return of its collateral or that the collateral may take some time to return if the collateral becomes available to the creditors of the relevant counterparty.

Finance charges received by a Sub-Fund under a securities lending transaction may be reinvested in order to generate additional income. Similarly cash collateral received by a Sub-Fund may also be reinvested in order to generate additional income. In both circumstances, the relevant Sub-Fund will be exposed to market risk in respect of any such investments and may incur a loss in reinvesting the financing charges and cash collateral it receives. Such a loss may arise due to a decline in the value of the investment made. A decline in the value of investment of the cash collateral would reduce the amount of collateral available to be returned by the relevant Sub-Fund to the securities lending

counterparty at the conclusion of the securities lending contract. The relevant Sub-Fund would be required to cover the difference in value between the collateral originally received and the amount available to be returned to the counterparty, thereby resulting in a loss to the relevant Sub-Fund.

Under a sale and repurchase transaction, the relevant Sub-Fund retains the economic risks and rewards of the securities which it has sold to the counterparty and therefore is exposed to market risk in the event that it must repurchase such securities from the counterparty at the pre-determined price if that pre-determined price is higher than the value of the securities at the time of repurchase. If the Sub-Fund chooses to reinvest the cash collateral received under the sale and repurchase transaction, it is also subject to market risk arising in respect of such investment.

If the additional income which is generated through finance charges imposed by a Sub-Fund on the counterparty of a reverse repurchase transaction is reinvested, the relevant Sub-Fund will assume market risk in respect of such investments.

Distributions risk

Where a Sub-Fund has Distribution Classes, distributions may be made in respect of the Distribution Classes. However, there is no guarantee that such distributions will be made nor will there be a target level of distributions payout. A high distribution yield does not imply a positive or high return.
Subject to the disclosure in the relevant Appendix, distributions may be paid out of the capital of a Sub-Fund or out of gross income while charging all or part of a Sub-Fund's fees and expenses to the capital of the Sub-Fund, resulting in an increase in distributable income for the payment of dividends by the Sub-Fund and therefore, the Sub-Fund may effectively pay distributions out of capital. The Manager may distribute out of the capital of a Sub-Fund if the net distributable income attributable to the relevant Distribution Class during the relevant period is insufficient to pay distributions as declared. **Investors should note that the payment of distributions out of capital or effectively out of capital represents a return or a withdrawal of part of the amount they originally invested or capital gain attributable to that amount. Distributions will result in an immediate decrease in the Net Asset Value of the relevant Units.**

Where a Sub-Fund has Accumulation Classes, the Manager does not intend to pay distributions for such Accumulation Classes. Accordingly, an investment in the Accumulation Classes may not be suitable for investors seeking income returns for financial or tax planning purposes.

Where a Sub-Fund has Classes of Units hedged to a currency other than the Base Currency of the relevant Sub-Fund (each a "**Hedged Class**"), the distribution amount and Net Asset Value of the Hedged Classes may be adversely affected by differences in the interest rates of the Class Currency of the Hedged Classes and the relevant Sub-Fund's Base Currency, resulting in an increase in the amount of distribution that is paid out of capital and hence a greater erosion of capital than other non-hedged Classes of Units.

Cross-Class liability

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

Creation of Sub-Funds or new Classes of Units

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

Non-compliance with HKFRS

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

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

US Foreign Account Tax Compliance Act

Sections 1471 – 1474 of the US Internal Revenue Code (the "**IRS Code**") of 1986, as amended (referred to as the Foreign Account Tax Compliance Act or "**FATCA**"), impose rules with respect to certain payments paid to certain foreign (i.e. non-US) financial institutions ("**FFI**"), such as the Fund and the Sub-Funds, including interest and dividends made after 30 June 2014 from securities of US issuers. All such payments may be subject to FATCA withholding at a 30% rate, unless the recipient of the payment satisfies certain requirements intended to enable the US Internal Revenue Service ("**IRS**") to identify certain US persons (under the definition in the US Internal Revenue Code) with direct or indirect interests in such payments. To avoid the 30% withholding tax under FATCA, certain FFIs, such as the Fund and the Sub-Funds (and, generally, other investment funds organised outside the US), generally would be required to register with the IRS directly to obtain a Global Intermediary Identification Number ("**GIIN**") and enter into an agreement (an "**FFI Agreement**") with the IRS under which it will agree to identify its direct or indirect account holders who are US persons and report certain information concerning such US account holders to the IRS.

In general, an FFI which does not enter into an FFI Agreement or comply with the relevant FATCA regulations, and is not otherwise exempt may face a 30% withholding tax on "withholdable payments" derived from US source, including dividends, interest, certain derivative payments and certain other fixed, determinable, annual or periodical ("**FDAP**") income made to such FFI on or after 1 July 2014. Moreover, it is expected that a 30% withholding tax would be imposed on certain non-US source payments (referred to as "foreign passthru payments"), though the definition of "foreign passthru payment" in US Treasury Regulations is currently pending on the publication of the relevant regulations.

The Hong Kong government has entered into a Model 2 intergovernmental agreement ("**IGA**") with the US for the implementation of FATCA. Under such Model 2 IGA, FFIs domiciled in Hong Kong (such as the Fund and the Sub-Funds) would be required to register with the IRS on the IRS FATCA registration website and comply with the terms and requirements of Model 2 IGA and FFI Agreement.

Otherwise they may be subject to a 30% withholding tax on relevant US-sourced payments made to them.

It is expected that FFIs in Hong Kong (such as the Fund and the Sub-Funds) complying with the terms and requirements of Model 2 IGA and FFI Agreement (i) will generally not be subject to the above described 30% withholding tax; and (ii) will generally not be required to withhold tax on payments made to non-consenting US accounts (i.e. certain accounts of which the holders do not consent to FATCA reporting and disclosure to the IRS) or close those non-consenting US accounts (provided that information regarding such account holders is reported to the IRS in aggregate), but may be required to withhold tax on withholdable payments made to non-participating FFIs.

As at the date hereof, the Manager has registered with the IRS as a sponsoring entity for the Fund and the Sub-Fund(s) with a GIIN of HDGYE700006.ST.344 and has agreed to perform, on behalf of the sponsored entities, all due diligence, withholding, reporting and other FATCA-related requirements. The Fund and the Sub-Fund(s) are considered as sponsored entities of the Manager and will be regarded as a Non-Reporting Hong Kong FFI and treated as a registered deemed-compliant FFI.

The Manager will endeavour to satisfy the requirements imposed under FATCA to avoid any withholding tax under FATCA. In the event that the Fund and/or any Sub-Fund is not able to comply with the requirements imposed by FATCA and the Fund and/or such Sub-Fund does suffer FATCA withholding tax on its investments as a result of non-compliance, the Net Asset Value of the Fund and/or that Sub-Fund may be adversely affected and the Fund and/or such Sub-Fund may suffer significant loss as a result.

In the event a Unitholder (an account holder) does not provide the requested information and/or documentation, whether or not that actually leads to non-compliance by the Fund and/or the relevant Sub-Fund, or a risk of the Fund and/or the relevant Sub-Fund being subject to withholding tax under FATCA, the Manager on behalf of the Fund and/or each of such relevant Sub-Fund reserves the right to take any action and/or pursue all remedies at its disposal including, without limitation, (i) reporting the relevant information of such Unitholder to the IRS; (ii) withholding or deducting from such Unitholder's redemption proceeds or distributions to the extent permitted by applicable laws and regulations; and/or (iii) deeming such Unitholder to have given notice to redeem all his Units in the relevant Sub-Fund. The Manager in taking any such action or pursuing any such remedy shall act in good faith and on reasonable grounds.

Each Unitholder and prospective investor should consult with his own tax advisor as to the potential impact of FATCA in his own tax situation and the potential impact on the Fund and its Sub-Funds.

Conflicts of interest; other activities of the Manager

Various potential and actual conflicts of interest may arise from the overall investment activities of the Manager and its connected persons for their own accounts and the accounts of others. The Manager and its connected persons may invest for their own accounts and for the accounts of clients in various instruments that have interests different from or adverse to the instruments that are owned by the relevant Sub-Fund. For more information, please refer to the section headed "***General Information - Conflicts of Interest***".

Effect of substantial redemptions

Substantial redemptions by Unitholders within a short period of time could require the relevant Sub-Fund to liquidate securities and other positions more rapidly than would otherwise be desirable, possibly reducing the value of its assets and/or disrupting its investment strategy. Further, it may be impossible to liquidate a sufficient amount of securities to meet redemptions because a significant part of the

portfolio at any given time may be invested in securities for which the market is or has become illiquid. Reduction in the size of the relevant Sub-Fund could make it more difficult to generate a positive return or to recoup losses due to, among other things, reductions in the Sub-Fund's ability to take advantage of particular investment opportunities or decreases in the ratio of its income to its expenses.

In view of the above, investment in any Sub-Fund should be regarded as long term in nature. The Sub-Funds are, therefore, only suitable for investors who can afford the risks involved. Investors should refer to the relevant Appendix for details of any additional risks specific to a Sub-Fund.

Dilution and price adjustment

Large transactions in and out of a Sub-Fund may dilute the Sub-Fund's assets due to dealing and other costs (including, but not limited to, bid-offer spreads, brokerage, taxes and government charges) associated with the trading of underlying securities. As disclosed in the section "***Valuation and Suspension – Adjustment of Prices***", the Manager may adjust the Issue Price or Redemption Price of a Sub-Fund to attempt to counter the potentially dilutive effects of dealing on the Sub-Fund's assets on a Subscription Day or a Redemption Day to mitigate the prejudicial impact on existing Unitholders who are not responsible for the transactions and the associated costs.

Investors should note that the occurrence of large transactions in or out of a Sub-Fund, which in turn triggers a price adjustment, is not predictable. Consequently, it is also not possible to accurately predict how frequent such price adjustments will need to be made. Investors should also be aware that price adjustment may not always, or fully, prevent the dilution of a Sub-Fund's assets. For example in adverse market circumstances when the aggregate of the fiscal and purchase / sales charges incurred and the difference between the last traded price (or the mean between the last available bid and asked prices) and the bid / asked price of the relevant investments was more than 1% (i.e. the price adjustment limit) of the original Net Asset Value per Unit, the additional costs will be absorbed by the Sub-Fund. The determination of price adjustment on a particular day is based on the net transactions for that day. As price adjustment can only be made in one direction on any given day based on the aggregate net transactions to recover the material dilution for the relevant Sub-Fund, the adjustments made to the Issue Price or Redemption Price may also benefit certain investors relative to the others. For instance, on a day where there is large net subscription and the Issue Price is adjusted upwards, a redeeming Unitholder who redeems his Units on the same day would not need to bear any downward adjustment to the Redemption Price (and hence would not receive less for the Units redeemed), which would otherwise be the case should he redeem on a day of large net redemptions.

INVESTING IN THE FUND

Classes of Units

Different Classes of Units may be offered for each Sub-Fund. Although the assets attributable to a Sub-Fund will form one single pool, each Class of Units may be denominated in a different Class Currency or may have a different charging structure with the result that the Net Asset Value attributable to each Class of Units of a Sub-Fund may differ. In addition, each Class of Units may be subject to different Minimum Initial Subscription Amount, Minimum Subsequent Subscription Amount, Minimum Holding Amount and Minimum Redemption Amount. Investors should refer to the relevant Appendix for the available Classes of Units and the applicable minimum amounts.

Initial Offer

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

Minimum Subscription Level

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

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

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

Subsequent Subscription

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

Issue Price

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

In calculating the Issue Price, the Manager may, under the circumstances disclosed in the section "***Valuation and Suspension – Adjustment of Prices***" below, impose such amount (if any) as the Manager may estimate as an appropriate allowance to reflect (i) the difference between the last traded price (or the mean between the last available bid and asked prices) of the investments of the relevant Sub-Fund and the latest available asked price of such investments and (ii) fiscal and purchase charges (including any stamp duty, other taxes, duties or governmental charges, brokerage, bank charges, transfer fees, or registration fees) which would be incurred for the account of the relevant Sub-Fund in

investing an amount equal to that Net Asset Value per Unit. For further details, please see "***Valuation and Suspension – Adjustment of Prices***" below.

The Issue Price shall be rounded to the Decimal Places, with 0.00005 and above being rounded up and below 0.00005 being rounded down. Any amount corresponding to such rounding will accrue to the relevant Sub-Fund.

Subscription Charge

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

Subject to the applicable requirements of the Code, the Manager may at any time increase the rate of Subscription Charge of a Class of Units or a Sub-Fund. The Manager will inform investors of any such increase as soon as reasonably practicable.

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

Minimum Initial Subscription Amount and Minimum Subsequent Subscription Amount

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

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

Application Procedures

Unless otherwise specified in the relevant Appendix, applications for subscription of Units may be made to the Processing Agent by completing the Application Form and sending it by email, facsimile or other electronic means, as determined by the Manager and/or the Trustee from time to time, to the Processing Agent at the business address or facsimile number on the Application Form or may be given to Authorised Distributor(s) for onward transmission to the Processing Agent. The Manager, the Processing Agent and/or the Authorised Distributor(s) may request further supporting documents and/or information to be provided together with the Application Form. The Application Form is available from the Authorised Distributors.

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

Following the close of the Initial Offer Period, an Application Form received by the Processing Agent by the Subscription Deadline of a Subscription Day will be dealt with on that Subscription Day. If an

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

Payment Procedures

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

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

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

Payments for Units should be made in the Base Currency of the relevant Sub-Fund or where one or more Classes are issued in respect of a Sub-Fund, payment for Units of a Class should be made in the Class Currency of such Class. Subject to the agreement of the Manager, payment in other freely convertible currencies may be accepted. Where amounts are received in a currency other than the relevant Base Currency or Class Currency (as the case may be), they will be converted into the relevant Base Currency or Class Currency (as the case may be) at the cost of the relevant applicant and the proceeds of conversion (after deducting the costs of such conversion) will be applied in the subscription of Units in the relevant Sub-Fund or Class. Any conversion to the relevant Base Currency or Class Currency (as the case may be), will be at the prevailing market rate (whether official or otherwise) which the Manager deems appropriate in the circumstances having regard to any premium or discount which may be relevant and to costs of exchange. Conversion of currency may be made at a premium or discount in exceptional circumstances such as where there is a huge fluctuation in the exchange rate. Currency conversion will be subject to availability of the currency concerned. Save for any liability imposed under the laws of Hong Kong or for breach of trust through fraud or negligence of the Trustee or the Manager, none of the Manager, the Trustee or their respective agents or delegates will be liable to any Unitholder or any person for any loss suffered by such Unitholder arising from such currency conversion.

All payments should be made by direct transfer or telegraphic transfer (or other manner as may be agreed by the Manager). Any costs of transfer of subscription moneys to a Sub-Fund will be payable by the applicant.

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

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

General

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

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

Units issued by the Fund will be held for investors in registered form. Certificates will not be issued. A contract note will be issued upon acceptance of an applicant's application and the receipt of cleared funds and will be forwarded to the applicant (at the risk of the person entitled thereto). In case of any error in a contract note, applicants should contact the relevant intermediaries or the Authorised Distributor promptly for rectification.

Fractions of a Unit (rounded to 3 decimal places) may be issued. Any amount corresponding to such rounding will accrue to the relevant Sub-Fund.

Restrictions on Issue

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

REDEMPTION OF UNITS

Redemption of Units

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

Redemption Price

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

In calculating the Redemption Price, the Manager may, under the circumstances disclosed in the section "***Valuation and Suspension – Adjustment of Prices***" below, deduct such amount (if any) as the Manager may estimate as an appropriate allowance to reflect (i) the difference between the last traded price (or the mean between the last available bid and asked prices) of the investments of the relevant Sub-Fund and the latest available bid price of such investments and (ii) fiscal and sales charges (including stamp duty, other taxes, duties or governmental charges, brokerage, bank charges or transfer fees) which would be incurred for the account of the relevant Sub-Fund in realising assets or closing out positions to provide funds to meet any redemption request. For further details, please see "***Valuation and Suspension – Adjustment of Prices***" below.

The Redemption Price shall be rounded to the Decimal Places, with 0.00005 and above being rounded up and below 0.00005 being rounded down. Any amount corresponding to such rounding will accrue to the relevant Sub-Fund.

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

Redemption Charge

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

The Manager may increase the rate of Redemption Charge payable for a Sub-Fund or a Class of Units by giving one month's prior written notice to the Unitholders, subject to the applicable requirements of the Code.

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

The Redemption Charge will be deducted from the amount payable to a Unitholder in respect of the redemption of Units. The Redemption Charge will be retained by or paid to the Manager for its own absolute use and benefit or, if so stated in the relevant Appendix, retained by the relevant Sub-Fund. Where the Redemption Charge is retained by the Manager, it may at its discretion, pay all or part of the Redemption Charge to its agents or delegates. The Manager shall be entitled to differentiate between Unitholders or Classes of Units as to the amount of the Redemption Charge (within the maximum rate of Redemption Charge).

Minimum Redemption Amount and Minimum Holding Amount

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

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

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

Redemption Procedures

Applications for redemption of Units may be made to the Processing Agent or the Authorised Distributor(s) by completing the Redemption Form and sending it by email, facsimile or other electronic means, as determined by the Manager and/or the Trustee from time to time, to the Processing Agent at the business address or facsimile number on the Redemption Form or may be given to Authorised Distributor(s) for onward transmission to the Processing Agent. The Redemption Form is available from the Authorised Distributors.

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

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

Payment of Redemption Proceeds

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

permitted. Any bank charges associated with the payment of such redemption proceeds will be borne by the redeeming Unitholder.

Unless otherwise specified in the relevant Appendix relating to a Sub-Fund and subject to the approval of the Manager, and to applicable limits on foreign exchange, redemption proceeds can be paid in a currency other than the relevant Base Currency or Class Currency. Redemption proceeds may be paid in a currency other than the relevant Base Currency or Class Currency if so requested by the relevant redeeming Unitholders and agreed by the Manager. In addition, the Manager may after consultation with the Trustee but, without the consent of the relevant redeeming Unitholders, pay redemption proceeds in a currency other than the relevant Class Currency if due to any foreign exchange control or restriction or regulatory requirement or policy, the relevant Class Currency is not available or not sufficient for payment of the redemption proceeds.

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

Redemption proceeds will be paid as soon as practicable but in any event not exceeding one calendar month after the later of (i) the relevant Redemption Day and (ii) the day on which the Processing Agent receives the duly completed Redemption Form and such other documents and information as the Trustee, the Manager and/or the Processing Agent may require, unless the market(s) in which a substantial portion of investments is made is subject to legal or regulatory requirements (such as foreign currency controls) thus rendering the payment of the redemption money within the aforesaid time period not practicable. In such case, payment of redemption proceeds may be deferred, but the extended time frame for payment should reflect the additional time needed in light of the specific circumstances in the relevant market(s).

The Manager or the Trustee, as the case may be, may, in its absolute discretion, delay payment to the Unitholder until (a) if required by the Trustee, the Manager or the Processing Agent, the original of the Redemption Form duly signed by the Unitholder has been received; (b) where redemption proceeds are to be paid by telegraphic transfer, the signature of the Unitholder (or each joint Unitholder) has been verified to the satisfaction of the Trustee (or the Processing Agent on behalf of the Trustee); and (c) the Unitholder has produced all documents or information required by the Trustee, the Manager and/or the Processing Agent for the purpose of verification of identity.

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

If the Manager or the Trustee is required or entitled by any applicable laws, regulations, direction or guidance, or by any agreement with any tax or fiscal authority to make withholdings from any

redemption moneys payable to the Unitholder, the amount of such withholdings shall be deducted from the redemption moneys otherwise payable to such person, provided that the Manager or the Trustee is acting in good faith and on reasonable grounds.

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

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

Restrictions on Redemption

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

With a view to protecting the interests of all Unitholders of a Sub-Fund, the Manager may, after consultation with the Trustee limit the number of Units of such Sub-Fund redeemed on any Redemption Day (whether by sale to the Manager or by cancellation of Units) to 10% of the total number of Units of the relevant Sub-Fund in issue. In this event, the limitation will apply pro rata so that all Unitholders of the relevant Sub-Fund who have validly requested to redeem Units of the same Sub-Fund on that Redemption Day will redeem the same proportion of such Units of that Sub-Fund. Any Units not redeemed (but which would otherwise have been redeemed) will be carried forward for redemption, subject to the same limitation, and will have priority on the next succeeding Redemption Day and all following Redemption Days (in relation to which the Manager has the same power) until the original request has been satisfied in full. If requests for redemption are so carried forward, the Manager will inform the Unitholders concerned as soon as reasonably practicable and within 3 Business Days of such Redemption Day.

Compulsory Redemption of Units

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

(a) in contravention of any laws or requirements of any country, any governmental authority or any stock exchange on which such Units are listed; or

(b) in circumstances (whether directly or indirectly affecting such person and whether taken alone or in conjunction with any other persons, connected or not, or any other circumstances appearing to the Manager or the Trustee to be relevant) which in its/their opinion might result in the relevant Sub-Fund, the Fund, the Trustee and/or the Manager incurring any liability to taxation or requiring registration with any regulatory authority or suffering any other pecuniary disadvantage or would subject the Manager, the Trustee, the Fund or any Sub-Fund to any additional regulation which the Sub-Fund, the Fund, the Trustee and/or the Manager might not otherwise have incurred or suffered or been subject to,

the Manager or the Trustee may, acting in good faith and in compliance with any applicable laws and regulations:

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

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

(iii) take such other actions as it reasonably believes is required by applicable laws or regulations.

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

CONVERSION

Conversion of Units

Unless otherwise specified in the relevant Appendix, Unitholders shall be entitled (subject to such limitations as the Manager may impose after consulting with the Trustee) to convert 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 of another Sub-Fund (the "**New Class**") available for subscription or conversion provided that no Units may be converted if to do so would result in a holding of less than the minimum holding of Units of the Existing Class or the New Class. Unless the Manager otherwise agrees, Units of a Class can only be converted into Units of the same Class of another Sub-Fund.

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

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

Switching Fee

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

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

(ii) the total amount being converted into,

as the Manager may at its discretion determine.

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

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

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

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

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

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

Where in either case:

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

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

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

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

S is the Issue Price per Unit for the New Class applicable on the Subscription Day for the New Class coincident with or immediately following the relevant Redemption Day for the Existing Class PROVIDED THAT where the issue of Units of the New Class is subject to the satisfaction of any conditions precedent to such issue then S shall be the Issue Price per Unit of the New Class applicable on the first Subscription Day for the New Class falling on or after the satisfaction of such conditions.
SF is a Switching Fee (if any).
If there is, at any time during the period from the time as at which the Redemption Price per Unit of the Existing Class is calculated up to the time at which any necessary transfer of funds from the Sub-Fund to which the Existing Class relates ("**Original Sub-Fund**") to the Sub-Fund to which the New Class relates takes place, a devaluation or depreciation of any currency in which any investment of the Original Sub-Fund is denominated or normally traded, the Manager may at its discretion reduce the Redemption Price as the Manager consider appropriate to take account of the effect of that devaluation or depreciation and in such event the number of Units of the New Class to be allotted to any relevant Unitholder shall be recalculated in accordance with the relevant formula set out above as if that reduced Redemption Price had been the Redemption Price ruling for redemptions of Units of the Existing Class on the relevant Redemption Day.

Conversion Procedures

Applications for conversion of Units may be made to the Processing Agent by completing the Conversion Form and sending it by email, facsimile or other electronic means, as determined by the Manager and/or the Trustee from time to time, to the Processing Agent at the business address or facsimile number on the Conversion Form or may be given to Authorised Distributor(s) for onward transmission to the Processing Agent. The Conversion Form is available from the Authorised Distributor(s).

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

Depending on the Valuation Point of the relevant Sub-Fund and the time required to remit the conversion money, the day on which investments are converted into the New Class may be later than

the day on which investments in the Existing Class are converted out or the day on which the instruction to convert is given.

Restrictions on Conversion

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

VALUATION AND SUSPENSION

Calculation of Net Asset Value

The Net Asset Value of each Sub-Fund, Net Asset Value per Unit and where applicable the Net Asset Value of each Class of Units and the Net Asset Value per Unit of each Class will be calculated in accordance with the Trust Deed as at the Valuation Point on each Valuation Day.

The Net Asset Value of a Sub-Fund shall be calculated by valuing the assets of such Sub-Fund in accordance with the provisions of the Trust Deed and deducting the liabilities attributable to such Sub-Fund in accordance with the provisions of the Trust Deed. The Trust Deed provides among others that:

(a) Listed Investments

The value of any investment (including a unit, share or other interest in a collective investment scheme quoted, listed, traded or normally dealt in on a Securities Market but excluding a unit, share or other interest in an unlisted collective investment scheme or a commodity) quoted, listed, traded or normally dealt in on a Securities Market shall at the discretion of the Manager be calculated by reference to the last traded price or closing price as calculated and published by the Securities Market (which, in the opinion of the Manager, provides the principal Securities Market for such investment) or (if no last traded price or closing price is available) midway between the latest available market dealing offer price and the latest available market dealing bid price on which the investment is quoted, listed, traded or normally dealt in for such amount of such investment at or immediately preceding the Valuation Point, as the Manager may consider in the circumstances to provide a fair criterion, provided that:

(i) If the Manager in its discretion considers that the prices ruling on a Securities Market other than the principal Securities Market provide in all the circumstances a fairer criterion of value in relation to any such investment, it may, after consultation with the Trustee, adopt such prices.

(ii) If an investment is quoted, listed or normally dealt in on more than one Securities Market, the Manager shall adopt the price or, as the case may be, middle quotation on the Securities Market which, in its opinion and after consultation with the Trustee, provides the principal market for such investment.

(iii) For an investment where only a single external pricing source is available, the price shall be obtained independently for that source as the Manager may, after consultation with the Trustee, deem appropriate.

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

(v) Where there is no Securities Market, all calculations based on the value of investments quoted by any person, firm or institution making a market in that investment (and if there shall be more than one such market maker then such particular market maker as the Manager, in consultation with the Trustee, may determine) shall be made by reference to the mean of the latest bid and asked price quoted thereby.

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

(b) Unquoted Investments

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

(c) Cash, Deposits etc.

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

(d) Collective Investment Scheme

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

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

(e) Other Valuation Methods

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

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

(f) Conversion to Base Currency

The value (whether of a borrowing or other liability, an investment or cash) otherwise than in

the Base Currency of a Sub-Fund shall be converted into the Base Currency at the prevailing market rate (whether official or otherwise) which the Manager shall deem appropriate in the circumstances having regard to any premium or discount which may be relevant and to costs of exchange. Conversion of currency may be made at a premium or discount in exceptional circumstances such as where there is a huge fluctuation in the exchange rate.

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

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

(h) Appointment of a Third Party for Valuation

Where a third party is engaged in the valuation of the assets of a Sub-Fund, the Manager shall exercise reasonable care, skill and diligence in the selection, appointment and ongoing monitoring of such third party in ensuring such entity possesses the appropriate level of knowledge, experience and resources is commensurate with the valuation policies and procedures for such Sub-Fund. The valuation activities of such third party shall be subject to ongoing supervision and periodic review by the Manager.

Investors should note that, under HKFRS, investments should be valued at fair value and also that, under HKFRS, bid and offer pricing is considered to be representative of the fair value of investments. However, the valuation basis described above may deviate from the HKFRS which may lead to a different valuation had the valuation been performed in accordance with HKFRS. The Manager has considered the impact of such non-compliance and do not expect this issue to affect the results and Net Asset Value of a Sub-Fund materially. To the extent that the valuation basis adopted by the relevant Sub-Fund deviates from HKFRS, the Manager may make necessary adjustments in the annual financial statements for the financial statements to be in compliance with HKFRS.

Net Asset Value per Unit of a Class

In order to determine the Net Asset Value of a Unit of a Class of a Sub-Fund, the Net Asset Value attributable to such Class shall be divided by the number of Units of that Class in issue immediately prior to the relevant Subscription Day or Redemption Day (as the case may be) for such Class of Units.

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

Adjustment of Prices

In calculating the Issue Price, the Manager may make adjustments including imposing such amount as an appropriate allowance to reflect (i) the difference between the last traded price (or the mean between the last available bid and asked prices) of the investments of the relevant Sub-Fund and the latest available asked price of such investments and (ii) the fiscal and purchase charges (including any stamp duty, other taxes, duties or governmental charges, brokerage, bank charges, transfer fees, or registration fees) (see "***Investing in the Fund – Issue Price***" above) and in calculating the Redemption Price, the

Manager may make adjustments including deducting such amount as an appropriate allowance to reflect (i) the difference between the last traded price (or the mean between the last available bid and asked prices) of the investments of the relevant Sub-Fund and the latest available bid price of such investments and (ii) the fiscal and sale charges (including any stamp duty, other taxes, duties or governmental charges, brokerage, bank charges, transfer fees, or registration fees) (see "***Redemption of Units – Redemption Price***" above).

The Manager will only make such adjustments to the Issue Price and Redemption Price with a view to protecting the interests of Unitholders under exceptional circumstances as determined by the Manager from time to time. The Manager will consult the Trustee prior to any adjustment in the Issue Price or Redemption Price and such adjustment would only be made where the Trustee has no objection to it. Exceptional circumstances for adjusting the Issue Price or Redemption Price may include (a) the aggregate net transactions (either net subscriptions or net redemptions) in Units having exceeded a pre-determined threshold set by the Manager from time to time; and/or (b) extreme market conditions which may have an unfavourable impact on the interests of existing Unitholders. In such circumstances the Net Asset Value per Unit of the relevant Class may be adjusted by an amount (not exceeding 1% of that Net Asset Value) which reflects the fiscal and purchase / sales charges that may be incurred by the relevant Sub-Fund and the estimated difference between the last traded price (or the mean between the last available bid and asked prices) of the investments of the relevant Sub-Fund and the latest available bid or asked price of such investments.

For the avoidance of doubt,

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

(b) it is not the intention of the Manager to adjust the Issue Price upwards and the Redemption Price downwards on a day which is both a Subscription Day and a Redemption Day; and

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

As a result of such adjustment, the Issue Price will be higher than the Issue Price which otherwise would be if such adjustment has not been made, which will result in the investors subscribing on the relevant Subscription Day having to paying more for the Units subscribed. Likewise, in the event that adjustment is made to the Redemption Price, the Redemption Price will be lower than the Redemption Price which otherwise would be if such adjustment has not been made, which means that the investors redeeming on the relevant Redemption Day will receive less for the Units redeemed.

Suspension

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

(a) there is a closure (other than customary weekend and holiday closing) of or the restriction or suspension of trading on any commodities market or Securities Market on which a substantial part of the investments of that Sub-Fund is normally traded or a breakdown in any of the means normally employed in ascertaining the prices of investments or the Net Asset Value of a Sub-Fund or the Issue Price or Redemption Price per Unit; or

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

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

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

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

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

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

(h) when the business operations of the Manager or the Trustee or any of their delegates in relation to the operations of that Sub-Fund are substantially interrupted or closed as a result of or arising from a force majeure event; or

(i) when the Unitholders or the Manager have resolved or given notice to terminate that Sub-Fund or to carry out a scheme of amalgamation involving that Sub-Fund; or

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

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

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

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

A suspension shall take effect forthwith upon the declaration thereof until the Manager shall declare the suspension at an end, except that the suspension shall terminate in any event on the day following the first Business Day on which (i) the condition giving rise to the suspension shall have ceased to exist; and (ii) no other condition under which suspension is authorised shall exist.

Whenever the Manager declares such a suspension it shall immediately after any such declaration notify the SFC of such suspension and shall, immediately after any such declaration and at least once a month during the period of such suspension, cause a notice to be published on the Manager's website http://www.ccbintl.com/ or in any other appropriate manner stating that such declaration has been made. Investors should note that the aforesaid website has not been reviewed by the SFC.

DISTRIBUTION POLICY

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

Accumulation Classes

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

Distribution Classes

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

The Manager will also have the discretion to determine if and to what extent distributions will be paid out of capital attributable to the relevant Distribution Class. The Manager may also, in its absolute discretion, distribute gross income and charge all or part of the Sub-Fund's fees and expenses attributable to the relevant Distribution Class to the capital attributable to the relevant Distribution Class as the Manager considers appropriate, resulting in an increase in distributable income for the payment of dividends by the Sub-Fund in respect of the relevant Distribution Class and therefore, the Sub-Fund may effectively pay dividends out of capital.

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

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

Distributions of a Distribution Class declared, if any, shall be distributed among the Unitholders of the relevant Distribution Class rateably in accordance with the number of Units held by them on the record date as determined by the Manager in respect of the corresponding distribution. For the avoidance of doubt, only Unitholders whose names are entered on the register of Unitholders on such record date shall be entitled to the distribution declared in respect of the corresponding distribution.

Distributions may be paid in cash or may be applied to subscribe for additional Units in the relevant Class of the relevant Sub-Fund at the option of the Unitholder as indicated in its Application Form. Unitholders may change their distribution option by giving not less than 7 days' written notice to the Manager. Any payment of distributions in cash will normally be paid by direct transfer or telegraphic transfer in the Class Currency of the relevant Distribution Class to the pre-designated bank account of

the Unitholder (at the Unitholder's risk and expense). No third party payments will be permitted.

The Manager may amend the dividend policy. Where required by the SFC or the Code, the Manager will obtain the SFC's prior approval and/or give prior notice to Unitholders of any such amendment.

FEES AND EXPENSES

Management Fee

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

Performance Fee

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

The Manager may share any fees it receives with any person(s) as it deems appropriate.

Trustee Fee

The Trustee is entitled to receive a fee which is charged as a percentage of the Net Asset Value of the relevant Sub-Fund on each Valuation Day, at the rates specified in the relevant Appendix and subject to a minimum monthly fee (if any) as specified in the relevant Appendix. The Trustee's fee is calculated and accrued as at the Valuation Point on each Valuation Day and payable monthly in arrears out of the assets of the relevant Sub-Fund. The fee payable to the Trustee is subject to a maximum rate as specified in the Appendix.

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

Notice for Fee Increase

Unitholders shall be given not less than one month's prior notice should there be any increase of the management fee, performance fee or Trustee's fee.

Establishment Costs

The establishment costs of the Fund and the initial Sub-Fund are of such amount as set out in the Appendix of the initial Sub-Fund and will be borne by the initial Sub-Fund. The establishment costs will be amortised over the Amortisation Period. Where subsequent Sub-Funds are established in the future, the Manager may determine that the unamortised establishment costs of the Fund or a part thereof may be re-allocated to such subsequent Sub-Funds.

The establishment costs and payments incurred in the establishment of subsequent Sub-Funds are to be borne by the Sub-Fund to which such costs and payments relate and amortised over the Amortisation Period.

Investors should also note that under HKFRS, establishment costs should be expensed as incurred and that amortisation of the expenses of establishing Sub-Funds is not in accordance with HKFRS; however, the Manager has considered the impact of such non-compliance and has considered that it will not have

a material impact on the financial statements of Sub-Funds. To the extent that the accounting basis adopted by a Sub-Fund deviates from HKFRS, the Manager may make necessary adjustments in the annual financial statements for the financial statements to be in compliance with HKFRS.

General Expenses

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

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

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

Transactions with Connected Persons, Cash Rebates and Soft Dollars

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

In transacting with brokers or dealers connected to the Manager, the Investment Delegate of the relevant Sub-Fund, the Trustee or any of their connected persons, the Manager must ensure that:

(a) such transactions are on arm's length terms;
(b) it uses due care in the selection of such brokers or dealers and ensures that they are suitably qualified in the circumstances;
(c) transaction execution must be consistent with applicable best execution standards;
(d) the fee or commission paid to any such broker or dealer in respect of a transaction must not be greater than that which is payable at the prevailing market rate for a transaction of that size and nature;
(e) it monitors such transactions to ensure compliance with its obligations; and
(f) the nature of such transactions and the total commissions and other quantifiable benefits received by such broker or dealer shall be disclosed in the annual report of the Fund and/or the relevant Sub-Fund.

None of the Manager, the Investment Delegate or any of their connected persons will retain cash or other rebates from brokers or dealers in consideration of directing transactions for a Sub-Fund to such brokers or dealers, save that goods and services (soft dollars) as described in the paragraph below may be retained. Any such cash commission or rebates received from any such brokers or dealers shall be for the account of the relevant Sub-Fund.

The Manager, the Investment Delegate and/or any of their connected persons reserves the right to effect transactions by or through a broker or dealer with whom the Manager, the Investment Delegate and/or any of their connected persons has an arrangement under which that broker or dealer will from time to time provide to or procure for the Manager, the Investment Delegate and/or any of their connected persons goods or services for which no direct payment is made but instead the Manager, the Investment Delegate and/or any of their connected persons undertakes to place business with that broker or dealer. The Manager shall procure that no such arrangements are entered into unless (i) 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 and/or the Investment Delegate in their ability to manage the relevant Sub-Fund or otherwise; (ii) the transaction execution is consistent with best execution standards and brokerage rates are not in excess of customary institutional full-service brokerage rates; (iii) periodic disclosure is made in the annual report of the Fund or the relevant Sub-Fund in the form of a statement describing the soft dollar policies and practices of the Manager or the Investment Delegate, including a description of goods and services received by them; and (iv) the availability of soft dollar arrangements is not the sole or primary purpose to perform or arrange transaction with such broker or dealer. Such goods and services may include research and advisory services, economic and political analysis, portfolio analysis including valuation and performance measurement, market analysis, data and quotation services, computer hardware and software incidental to the above goods and services, clearing and custodian services and investment-related publications. For the avoidance of doubt, such goods and services do not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employee salaries or direct money payments.

TAXATION

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

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

Hong Kong Taxation

The Fund/ Sub-Fund(s)

(a) *Profits Tax*:

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

(b) *Stamp Duty*:

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

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

The Unitholders

(a) *Profits Tax*:

Unitholders will generally not be subject to any Hong Kong profits tax on distributions from the Fund/Sub-Fund(s).

Unitholders will not be subject to Hong Kong profits tax on the gains realised on the disposal or redemption of any Units if the Unitholders do not carry on a trade, profession or business in Hong

Kong or the Units are held by the Unitholders as capital assets for Hong Kong profits tax purposes. For Unitholders carrying on a trade, profession or business in Hong Kong, the gains realised on the disposal or redemption of any Units may be subject to Hong Kong profits tax (which is currently charged at the rate of 16.5% in the case of corporations, and 15% in the case of individuals and unincorporated business) if the gains in question arise in or are derived from such trade, profession or business and sourced in Hong Kong.

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

There is no withholding tax on dividends and interest in Hong Kong.

(b) *Stamp Duty*:

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

Pursuant to the Remission by Class issued by the Secretary for the Treasury on 20 October 1999, transfer of Hong Kong stocks to the Fund/Sub-Fund(s) in exchange for allotment of Units or transfer of Hong Kong stocks from the Fund/Sub-Fund(s) in consideration for redemption of Units, subject to application, is exempt from Hong Kong stamp duty, to the extent that the Fund/Sub-Fund(s) remain authorised as collective investment schemes 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.

Other Jurisdiction(s)

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

Automatic Exchange of Financial Account Information ("AEOI")

The Inland Revenue (Amendment) (No.3) Ordinance 2016 (the "**Ordinance**") came into force on 30 June 2016. The Ordinance establishes the legislative framework for the implementation in Hong Kong of the Standard for AEOI (also referred to as the Common Reporting Standard ("**CRS**")) in Hong Kong. The CRS requires financial institutions (as defined in the Ordinance) in Hong Kong ("Hong Kong FIs") (such as the Fund and the Sub-Funds) to collect certain required information relating to non-Hong Kong tax residents holding financial accounts with Hong Kong FIs, and report such information to the IRD. The required information will be further reported and automatically exchanged on an annual basis with

jurisdiction(s) in which the account holder is a tax resident. Generally, tax information will be exchanged only with jurisdictions with which Hong Kong has signed a Bilateral Competent Authority Agreement ("Bilateral **CAA**") or Multilateral Competent Authority Agreement ("MCAA") under the Convention on Mutual Administrative Assistance in Tax Matters in force to conduct AEOI; however, the Fund, the Sub-Funds, the Manager and/or its agents may further collect information relating to residents of other jurisdictions.

The Fund and each Sub-Fund are required to comply with the requirements of the Ordinance as implemented by Hong Kong, which means that the Fund, each Sub-Fund and/or its agents shall collect the relevant tax information relating to Unitholders (and their Controlling Persons, as defined in the Ordinance, if required) and prospective investors and provide such information to the IRD.

The Ordinance as implemented by Hong Kong require the Fund and each Sub-Fund to, amongst other things: (i) register the Fund's status 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" for CRS purposes; and (iii) report certain information of such Reportable Accounts to the IRD. The IRD will then transmit such information reported to it to the government authorities of the relevant jurisdictions with which Hong Kong has signed a Bilateral CAA or MCAA (i.e. the "**Reportable Jurisdictions**") on an annual basis. Broadly, CRS contemplates that Hong Kong FIs should report on: (i) individuals or entities that are tax residents in the Reportable Jurisdictions; 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 their controlling persons, including but not limited to their name, date of birth, address, tax residence, tax identification number ("**TIN**") (if any), account balance/value, and certain income or sale or redemption proceeds, may be reported to the IRD, which is subsequently exchanged with government authorities in the relevant Reportable Jurisdictions.

By investing in the Fund and the relevant Sub-Fund and/or continuing to invest in the Fund and the relevant Sub-Fund, Unitholders acknowledge that they may be required to provide additional information to the Fund, the relevant Sub-Fund, the Manager and/or the Fund's agents in order for the Fund and the relevant Sub-Fund to comply with the Ordinance. The Unitholder's information (and/or information pertaining to Controlling Person(s) of a Unitholder, as defined in the Ordinance), may be exchange by the IRD with government authorities in the Reportable Jurisdictions.

Each Unitholder and prospective investor should consult its own professional advisor(s) on the administrative and substantive implications of CRS on its current or proposed investment in the Fund and the relevant Sub-Fund.

GENERAL INFORMATION

Financial Reports

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

As an alternative to the distribution of printed audited annual financial reports and unaudited interim financial reports, the Manager will notify Unitholders where the audited annual report (in English and Chinese) can be obtained (in printed or electronic forms) within four months after the Accounting Date, and where the unaudited interim financial report (in English and Chinese) can be obtained (in printed or electronic forms) within two months after the Semi-Annual Accounting Date in each year. Once issued, hardcopies of the reports are available upon request of Unitholders free of charge at any time during normal business hours on any Business Day at the office of the Manager. Copies of the accounts and reports may be posted to investors on request.

The Manager intends to adopt HKFRS in drawing up the annual financial reports of the Fund and Sub-Funds and the interim financial reports will apply the same accounting policies and method of computation as are applied in the annual financial reports of the Fund and the Sub-Funds. It should however be noted that in amortising the establishment costs of the Fund in accordance with the section headed "***Establishment Costs***", possible deviation from such accounting standards may occur but the Manager does not expect this issue to be material under normal circumstances. The Manager may make necessary adjustments in the annual financial reports in order to comply with HKFRS and to include a reconciliation note in the Fund's audited annual financial reports.

Publication of Prices

The Issue Price, Redemption Price and Net Asset Value per Unit for each Class of a Sub-Fund will be published on each Business Day of that Sub-Fund on the Manager's website http://www.ccbintl.com/. Investors should note that the aforesaid website has not been reviewed by the SFC.

Termination of Fund or a Sub-Fund

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

Termination by the Trustee

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

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

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

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

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

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

Termination by the Manager

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

(a) on any date, in relation to the Fund, the aggregate Net Asset Value of all Units outstanding hereunder shall be less than US$5 million or its equivalent or, in relation to any Sub-Fund, the aggregate Net Asset Value of the Units outstanding hereunder in respect of such Sub-Fund shall be less than US$5 million or its equivalent or such other amount stated in the relevant Appendix or, in relation to any Class of Units, the aggregate Net Asset Value of the Units of such Class outstanding hereunder in respect of such Class shall be less than US$5 million or its equivalent or such other amount stated in the relevant Appendix;

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

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

(d) the occurrence of any other event(s) or in such other circumstance(s) as set out in the relevant Appendix of the Sub-Fund.

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

Further, a Sub-Fund or a Class of Units may be terminated by an extraordinary resolution of the Unitholders of the Sub-Fund or the Unitholders of the relevant Class (as the case may be) on such date as the extraordinary resolution may provide. At least twenty one days' notice shall be given to the Unitholders in respect of a meeting of Unitholders where such extraordinary resolution will be tabled. Any unclaimed proceeds or other cash held by the Trustee upon termination of the Fund, a Sub-Fund or a Class of Units, as the case may be, may at the expiration of twelve months from the date upon which the same were payable be paid into court, subject to the right of the Trustee to deduct therefrom any expenses it may incur in making such payment.

Trust Deed

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

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

liability by Unitholders or at Unitholders' expense. Unitholders and intending applicants are advised to consult the terms of the Trust Deed for further details.

Voting Rights

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 poll every Unitholder present in person, by proxy or by representative has one vote for every Unit of which he is the holder. In the case of joint Unitholders the senior of those who tenders a vote (in person or by proxy) will be accepted and seniority is determined by the order in which the names appear on the register of Unitholders.

Transfer of Units

Subject as provided below, Units may be transferred by an instrument in writing in common form signed by (or, in the case of a body corporate, signed on behalf of or sealed by) the transferor and the transferee. The duly stamped instrument of transfer, any necessary declarations, other documents that may be required by the Manager, the Trustee or the Registrar or in consequence of any legislation (including any anti-money laundering legislation) shall be left with the Registrar for registration. The transferor will be deemed to remain the holder of the Units transferred until the name of the transferee is entered in the register of Unitholders in respect of such Units.

Each instrument of transfer must relate to a single Class of Units only. No Units may be transferred if, as a result, either the transferor or the transferee would hold Units having a value less than the Minimum Holding Amount (if any) of the relevant Class as specified in the relevant Appendix.

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

Anti-Money Laundering Regulations

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

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

These exceptions will only apply if the financial institution or intermediary referred to above is within a country recognised as having sufficient anti-money laundering regulations. The Manager, the Trustee

and the Processing Agent nevertheless reserve the right to request such information as is necessary to verify the identity of an applicant and the source of payment.

In the event of delay or failure by the applicant to produce any documents or information required for verification of identity or legitimacy of the subscription monies, the Manager, the Trustee or the Processing Agent may refuse to accept the application and the subscription moneys relating thereto. Further, they may delay in paying any redemption proceeds if an applicant for Units delays in producing or fails to produce any documents or information required for the purposes of verification of identity. The Manager, the Trustee or the Processing Agent may refuse to make payment to the Unitholder if either of them suspects or is advised that (i) such payment may result in a breach or violation of any anti-money laundering law or other laws or regulations by any person in any relevant jurisdiction; or (ii) such refusal is necessary or appropriate to ensure compliance by the Fund, the Manager, the Trustee, the Processing Agent or other service providers with any such laws or regulations in any relevant jurisdiction.

Conflicts of Interest

The Manager, the Investment Delegate (if any), the Trustee and the Custodian (if any) and their respective connected persons may from time to time act as trustee, administrator, transfer agent, manager, custodian or investment adviser, representative or otherwise as may be required from time to time in relation to, or be otherwise involved in or with, other funds and clients including those which have similar investment objectives to those of any Sub-Fund or contract with or enter into financial, banking or other transaction with one another or with any investor of the Sub-Funds, or any company or body any of whose shares or securities form part of any Sub-Fund or may be interested in any such contract or transaction. It is, therefore, possible that any of them may, in the course of business, have potential conflicts of interest with the Fund and the Sub-Funds. Each will, at all times, have regard in such event to its obligations to the Fund and the Sub-Funds and will endeavour to ensure that such conflicts are managed and minimised so far as reasonably practicable and that measures are adopted that seek to ensure such conflicts are resolved fairly, taking into account the interests of Unitholders of the relevant Sub-Fund as a whole.

The Manager may also act as the investment manager of other funds whose investment objectives, investment approach and investment restrictions are similar to those of a Sub-Fund. The Manager or any of its connected persons may invest in, directly or indirectly, or manage or advise other investment funds or accounts which invest in assets which may also be purchased or sold by a Sub-Fund. Compliance procedures and measures such as segregation of duties and responsibilities together with different reporting lines and "Chinese walls" have been put in place by the Manager to minimise potential conflicts of interest. Neither the Manager nor its connected persons is under any obligation to offer investment opportunities of which any of them become aware to any Sub-Fund or to account to any Sub-Fund in respect of (or share with any Sub-Fund or to inform any Sub-Fund of) any such transactions or any benefit received by any of them from any such transaction, but will allocate such opportunities fairly between the relevant Sub-Fund and other clients. Where the Manager invests the assets of a Sub-Fund in shares or units of a collective investment scheme managed by the Manager or any of its connected persons, the manager of the scheme in which the investment is being made by such Sub-Fund must waive any preliminary or initial charge and redemption charge which it is entitled to charge for its own account in relation to such investment by the relevant Sub-Fund.

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

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

In effecting the following transactions, the Manager shall ensure that the relevant requirements under the heading entitled "***Transactions with Connected Persons, Cash Rebates and Soft Dollars***" in the section "***Fees and Expenses***" are complied with:

(a) transactions for the account of any Sub-Fund with brokers or dealers connected to the Manager, the Investment Delegate of such Sub-Fund or their connected persons; and

(b) transactions by or through a broker or dealer with whom the Manager, the Investment Delegate and/or any of their connected persons has an arrangement under which that broker or dealer will from time to time provide to or procure for the Manager, the Investment Delegate and/or any of their connected persons goods or services for which no direct payment is made.

The services of the Trustee and its connected persons provided to the Fund and the Sub-Funds are not deemed to be exclusive and each of them shall be free to render similar services to others so long as its services hereunder are not impaired thereby and to retain for its own use and benefit all fees and other monies payable in respect of any of the arrangements described above. Each of the Trustee and its connected persons shall not be deemed to be affected with notice of or to be under any duty to disclose to the Fund, any Sub-Fund, any Unitholder or any other relevant party any fact or information which comes to its notice in the course of it rendering similar services to other parties or in the course of its business in any other capacity or in any manner whatsoever, otherwise than in the course of carrying out its duties under the Trust Deed or as required by any applicable laws and regulations for the time being in force. None of the Trustee and its connected persons shall be liable to account to the Fund or any Sub-Fund or any investor of the Fund or the Sub-Fund for any profit or benefit made or derived thereby or in connection therewith (including in situations set out above).

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

The Manager and the Investment Delegate may enter into trades for the account of a Sub-Fund with the accounts of other clients of the Manager, the Investment Delegate or their connected persons (including other collective investment schemes managed by the Manager, the Investment Delegate or their connected persons) ("**cross trades**"). Such cross trades will only be undertaken where the sale and purchase decisions are in the best interests of both clients and fall within the investment objective, restrictions and policies of both clients, the cross trades are executed on arm's length terms at current market value, and the reasons for such cross trades are documented prior to execution.

Facsimile or Electronic Instructions

Investors should be reminded that if they choose to send the Application Forms, Redemption Forms or Conversion Forms by facsimile or such other electronic means, they bear their own risk of such Application Forms, Redemption Forms or Conversion Forms not being received. Investors should note that the Fund, the Sub-Funds, the Manager, the Trustee, the Processing Agent and their respective agents

and delegates accept no responsibility for any loss caused as a result of non-receipt or illegibility of any Application Form, Redemption Form or Conversion Form sent by facsimile or other electronic means, or for any loss caused in respect of any action taken as a consequence of such instructions believed in good faith to have originated from properly authorised persons. This is notwithstanding the fact that a transmission report produced by the originator of such transmission discloses that such transmission was sent. Investors should therefore for their own benefit confirm with the Manager, the Trustee or the Processing Agent safe receipt of an application.

Forfeiture of Unclaimed Proceeds or Distributions

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

Market Timing

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

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

Certification for Compliance with FATCA or Other Applicable Laws

Each investor (i) shall be required to, upon demand by the Trustee or the Manager, provide any form, certification or other information reasonably requested by and acceptable to the Trustee or the Manager that is necessary for the Fund or a Sub-Fund (A) to avoid withholding (including, without limitation, any withholding taxes required under FATCA) or qualify for a reduced rate of withholding or backup withholding in any jurisdiction from or through which the Fund or the relevant Sub-Fund receives payments and/or (B) to satisfy due diligence, reporting or other obligations under IRS Code and the United States Treasury Regulations promulgated under the IRS Code, or to satisfy any obligations relating to any applicable law, regulation or any agreement with any tax or fiscal authority in any jurisdiction (ii) will update or replace such form, certification or other information in accordance with its terms or subsequent amendments or when such form, certificate or other information is no longer accurate, and (iii) will otherwise comply with any registration, due diligence and reporting obligations imposed by the United States, Hong Kong or any other jurisdiction (including but not limited to any law, rule and requirement relating to AEOI and/or FATCA), including such obligations that may be imposed by future legislation.

Power to Disclose Information to Tax Authorities

Subject to applicable laws and regulations in Hong Kong, the Fund, the relevant Sub-Fund, the Trustee or the Manager or any of their authorised person(s) (as permissible under applicable law or regulation) may be required to report or disclose to any government agency, regulatory authority or tax or fiscal authority in any jurisdictions (including but not limited to the IRS and the IRD), certain information in relation to a Unitholder and the Unitholder's Controlling Persons, including but not limited to their

name, address, date of birth, tax residence, taxpayer identification number (if any), social security number (if any) and certain information relating to the Unitholder's holdings, account balance/value, and income or sale or redemption proceeds, to enable the Fund or the relevant Sub-Fund to comply with any applicable law (including any law, rule and requirement relating to AEOI and/or FATCA), regulation or any agreement with a tax authority (including, but not limited to, any agreement entered into pursuant to FATCA, or any similar or successor legislation).

Personal Data

Pursuant to the provisions of the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong, "**PDPO**"), the Trustee, the Manager, or any of their respective delegates (each a "**Data User**") may collect, hold and use personal data of individual investors in the Fund and the Sub-Funds only for the purposes for which such data was collected and shall comply with personal data protection principles and requirements as set out in the PDPO and any applicable regulations and rules governing personal data use in Hong Kong from time to time. Accordingly, each Data User shall take all practicable steps to ensure that personal data collected, held and processed by them are protected against unauthorized or accidental access, processing, erasure or other use.

Documents Available for Inspection

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

(a) the Trust Deed, and any supplemental deeds;
(b) all material contracts (as specified in the relevant Appendix); and
(c) the latest audited annual financial reports and unaudited interim financial reports (if any) of the Fund and the Sub-Funds.

Unitholder Notice

Notice required to be given to Unitholders under this Explanatory Memorandum or the Trust Deed may be disseminated either in printed copies or by electronic means specified by the Manager (e.g. e-mail, posting on website with e-mail notification) at the option of the relevant Unitholder as indicated in its Application Form (the "**default means**").

Unitholders may contact the Manager in writing to change the default means and such change will become effective within 30 Business Days upon receipt of the request by the Manager. Please note that request for provisions of documents in addition to the default means will be subject to a payment of a reasonable charge per document to the Manager.

Unitholders who have chosen to receive notices and documents by electronic means are reminded to save or print a copy of the relevant notice or document for future reference if necessary.

SCHEDULE 1 - INVESTMENT AND BORROWING RESTRICTIONS

1. <u>Investment limitations applicable to each Sub-Fund</u>

No holding of any security may be acquired for or added to a Sub-Fund which would be inconsistent with achieving the investment objective of the Sub-Fund or which would result in, or no cash deposits may be made which would result in:

(a) the aggregate value of the Sub-Fund's investments in, or exposure to, any single entity (other than Government and other public securities) through the following exceeding 10% of the latest available Net Asset Value of the relevant Sub-Fund:

(i) investments in securities issued by that entity;

(ii) exposure to that entity through underlying assets of financial derivative instruments; and

(iii) net counterparty exposure to that entity arising from transactions of over-the-counter financial derivative instruments.

For the avoidance of doubt, restrictions and limitations on counterparty as set out in sub-paragraphs 1(a), 1(b) and 4.4(c) of this Schedule 1 will not apply to financial derivative instruments that are:

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

(B) marked-to-market daily in the valuation of their financial derivative instrument positions and subject to margining requirements at least on a daily basis.

The requirements under this sub-paragraph 1(a) will also apply in the case of sub-paragraphs 6(e) and (j) of this Schedule 1.

(b) subject to sub-paragraphs 1(a) and 4.4(c) of this Schedule 1, the aggregate value of the Sub-Fund's investments in, or exposure to, entities within the same group through the following exceeding 20% of the latest available Net Asset Value of the relevant Sub-Fund:

(i) investments in securities issued by those entities;

(ii) exposure to those entities through underlying assets of financial derivative instruments; and

(iii) net counterparty exposure to those entities arising from transactions of over-the-counter financial derivative instruments.

For the purposes of sub-paragraphs 1(b) and 1(c) of this Schedule 1, "entities within the same group" means entities which are included in the same group for the purposes of consolidated financial statements prepared in accordance with internationally recognized accounting standards.
The requirements under this sub-paragraph 1(b) will also apply in the case of sub-paragraphs 6(e) and (j) of this Schedule 1.

(c) the value of the Sub-Fund's cash deposits made with the same entity or entities within the same group exceeding 20% of the latest available Net Asset Value of the relevant Sub-Fund provided that the 20% limit may be exceeded in the following circumstances:

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

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

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

For the purposes of this sub-paragraph 1(c), "cash deposits" generally refer to those that are repayable on demand or have the right to be withdrawn by the Sub-Fund and not referable to provision of property or services.

(d) the Sub-Fund's holding of any ordinary shares (when aggregated with all other Sub-Funds' holdings of such ordinary shares) exceeding 10% of any ordinary shares issued by any single entity.

(e) the value of the Sub-Fund's investment in securities and other financial products or instruments that are neither listed, quoted nor dealt in on a Securities Market, exceeding 15% of the latest available Net Asset Value of such Sub-Fund.

(f) the value of the Sub-Fund's total holding of Government and other public securities of the same issue exceeding 30% of the latest available Net Asset Value of such Sub-Fund. Subject to the foregoing statement, the Sub-Fund may invest all of its assets in Government and other public securities in at least six different issues. For the avoidance of doubt, Government and other public securities will be regarded as being of a different issue if, even though they are issued by the same person, they are issued on different terms whether as to repayment dates, interest rates, the identity of the guarantor, or otherwise.

(g) (i) the value of the Sub-Fund's investment in units or shares in other collective investment schemes (namely "**underlying schemes**") which are non-eligible schemes (the list of "eligible schemes" is as specified by the SFC from time to time) and not authorized by the SFC in aggregate exceeding 10% of its latest available Net Asset Value; and

(ii) the value of the Sub-Fund's investment in units or shares in each underlying scheme which is either an eligible scheme (the list of "eligible schemes" is as specified by the SFC from time to time) or a scheme authorized by the SFC exceeding 30% of its latest available Net Asset Value unless the underlying scheme is authorized by the SFC, and the name and key investment information of the underlying scheme are disclosed in the Offering Document of that Sub-Fund,

provided that:

(A) no investment may be made in any underlying scheme the investment objective of which is to invest primarily in any investment prohibited by Chapter 7 of the Code;

(B) where an 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. For the avoidance of doubt, a Sub-Fund may invest in underlying scheme(s) authorized by the SFC under Chapter 8 of the Code (except for hedge funds under 8.7 of the Code), eligible scheme(s) of which the net derivative exposure does not exceed 100% of its total net asset value, and Qualified Exchange Traded Funds in compliance with sub-paragraphs 1(g)(i) and (ii) of this Schedule 1;

(C) the underlying scheme's objective may not be to invest primarily in other collective investment scheme(s);

(D) all initial charges and redemption charges on the underlying scheme(s) must be waived if the underlying scheme is managed by the Manager or its Connected Persons; and

(E) 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 its management company, or any quantifiable monetary benefits in connection with investments in any underlying scheme.

For the avoidance of doubt:

(aa) unless otherwise provided under the Code, the spread requirements under sub-paragraphs 1(a), (b), (d) and (e) of this Schedule 1 do not apply to investments in other collective investment schemes by a Sub-Fund;

(bb) unless otherwise disclosed in the Appendix of a Sub-Fund, the investment by a Sub-Fund in a Qualified Exchange Traded Fund will be considered and treated as listed securities for the purposes of and subject to the requirements in sub-paragraphs 1(a), (b) and (d) of this Schedule 1. Notwithstanding the aforesaid, the investments by a Sub-Fund in Qualified Exchange Traded Funds shall be subject to sub-paragraph 1(e) of this Schedule 1 and the relevant investment limits in Qualified Exchange Traded Funds by a Sub-Fund shall be consistently applied;

(cc) where investments are made in listed REITs, the requirements under sub-paragraphs 1(a), (b) and (d) of this Schedule 1 apply and where investments are made in unlisted REITs, which are either companies or collective investment schemes, then the requirements under sub-paragraphs 1(e) and (g)(i) of this Schedule 1 apply respectively; and

(dd) where a Sub-Fund invests in index-based financial derivative instruments, the underlying assets of such financial derivative instruments are not required to be aggregated for the purposes of the investment restrictions or limitations set out in sub-paragraphs 1(a), (b), (c) and (f) of this Schedule 1 provided that the index is in compliance with the requirements under 8.6(e) of the Code.

2. <u>Investment prohibitions applicable to each Sub-Fund</u>

The Manager shall not, unless otherwise specifically provided for in the Code, on behalf of any Sub-Fund:-

(a) invest in physical commodities unless otherwise approved by the SFC on a case-by-case basis taking into account the liquidity of the physical commodities concerned and availability of sufficient and appropriate additional safeguards where necessary;

(b) invest in any type of real estate (including buildings) or interests in real estate (including any options or rights but excluding shares in real estate companies and interests in REITs);

(c) make short sales unless (i) the liability of the relevant Sub-Fund to deliver securities does not exceed 10% of its latest available Net Asset Value; (ii) the security which is to be sold short is actively traded on a Securities Market where short selling activity is permitted; and (iii) the short sales are carried out in accordance with all applicable laws and regulations;

(d) carry out any naked or uncovered short sale of securities;

(e) subject to sub-paragraph 1(e) of this Schedule 1, lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person. For the avoidance of doubt, reverse repurchase transactions in compliance with the requirements as set out in sub-paragraphs 5.1 to 5.4 of this Schedule 1 are not subject to the limitations in this sub-paragraph 2(e);

(f) acquire any asset or engage in any transaction which involves the assumption of any liability by the relevant Sub-Fund which is unlimited. For the avoidance of doubt, the liability of Unitholders of a Sub-Fund is limited to their investments in that Sub-Fund;

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

(h) invest in any security where a call is to be made for any sum unpaid on that security, unless the call could be met in full out of cash or near cash from the Sub-Fund's portfolio whereby such amount of cash or near cash has not been segregated to cover a future or contingent commitment arising from transaction in financial derivative instruments for the purposes of sub-paragraphs 4.5 and 4.6 of this Schedule 1.

3. <u>Feeder Funds</u>

A Sub-Fund which is a feeder fund may invest 90% or more of its total Net Asset Value in a single collective investment scheme ("**underlying scheme**") in accordance with the following provisions:

(a) such underlying scheme ("**master fund**") must be authorized by the SFC;

(b) no increase in the overall total of initial charges, redemption charges, management fees, or any other costs and charges payable to the Manager or any of its connected persons borne by the Unitholders or by the feeder fund may result, if the master fund in which the feeder fund invests is managed by the Manager or by a connected person of the Manager;

(c) notwithstanding proviso (C) to sub-paragraph 1(g) of this Schedule 1, the master fund may invest in other collective investment scheme(s) subject to the investment restrictions as set out in sub-paragraphs 1(g)(i) and (ii) and proviso (A), (B) and (C) to sub-paragraph 1(g) of this Schedule 1.

4. <u>Use of financial derivative instruments</u>

4.1 A Sub-Fund may acquire financial derivative instruments for hedging purposes. For the purposes of this sub-paragraph 4.1, financial derivative instruments are generally considered as being acquired for hedging purposes if they meet all the following criteria:

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

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

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

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

The Manager, where it deems necessary, shall cause hedging arrangement to be adjusted or re-positioned, with due consideration on the fees, expenses and costs, to enable the relevant Sub-Fund to meet its hedging objective in stressed or extreme market conditions.

4.2 A Sub-Fund may also acquire financial derivative instruments for non-hedging purposes ("**investment purposes**") subject to the limit that such Sub-Fund's net exposure relating to these financial derivative instruments ("**net derivative exposure**") does not exceed 50% of its latest available Net Asset Value provided that such limit may be exceeded in such circumstances as permitted under the Code, handbook, code and/or guideline issued by the SFC from time to time or permitted by the SFC from time to time. For the avoidance of doubt, financial derivative instruments acquired for hedging purposes under sub-paragraph 4.1 of this Schedule 1 will not be counted towards the 50% limit referred to in this sub-paragraph 4.2 so long as there is no residual derivative exposure arising from such hedging arrangement. Net derivative exposure shall be calculated in accordance with the Code and the requirements and guidance issued by the SFC which may be updated from time to time.

4.3 Subject to sub-paragraphs 4.2 and 4.4 of this Schedule 1, a Sub-Fund may invest in financial derivative instruments provided that the exposure to the underlying assets of the financial derivative instruments, together with the other investments of the Sub-Fund, may not in aggregate exceed the corresponding investment restrictions or limitations applicable to such underlying assets and investments as set out in sub-paragraphs 1(a), (b), (c), (f), (g)(i) and (ii), proviso (A) to (C) to sub-paragraph 1(g), sub-paragraph 2(b) and proviso (cc) to sub-paragraph 1(g) of this Schedule 1.

4.4 The financial derivative instruments invested by a Sub-Fund shall be either listed/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;

(b) the counterparties to transactions of over-the-counter financial derivative instruments or their guarantors are substantial financial institutions or such other entity acceptable to the SFC;

(c) subject to sub-paragraphs 1(a) and (b) of this Schedule 1, a Sub-Fund's net counterparty exposure to a single entity arising from transactions of over-the-counter financial derivative instruments may not exceed 10% of its latest available Net Asset Value provided that the exposure of the Sub-Fund to a counterparty of over-the-counter financial derivative instruments may be lowered by the collateral received (if applicable) by the Sub-Fund and shall be calculated with reference to the value of collateral and positive mark to market value of the over-the-counter financial derivative instruments with that counterparty, if applicable; and

(d) the valuation of the financial derivative instruments is marked-to-market daily, subject to regular, reliable and verifiable valuation conducted by the valuation agent, the Manager or the Trustee or their nominee(s), agent(s) or delegate(s) (as the case may be) independent of the issuer of the financial derivative instruments through measures such as the establishment of a valuation committee or engagement of third party service. The financial derivative instruments can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Sub-Fund's initiative. Further, the valuation agent and/or administrator should be adequately equipped with the necessary resources to conduct independent marked-to-market valuation and to verify the valuation of the financial derivative instruments on a regular basis.

4.5 A Sub-Fund should at all times be capable of meeting all its payment and delivery obligations incurred under transactions in financial derivative instruments (whether for hedging or for investment purposes). The Manager shall, as part of its risk management process, monitor to ensure that the transactions in financial derivative instruments in respect of a Sub-Fund are adequately covered on an ongoing basis. For the purposes of this sub-paragraph 4.5, assets that are used to cover the Sub-Fund's payment and delivery obligations incurred under transactions in financial derivative instruments shall be free from any liens and encumbrances, exclude any cash or near cash for the purpose of meeting a call on any sum unpaid on a security, and cannot be applied for any other purposes.

4.6 Subject to sub-paragraph 4.5 of this Schedule 1, a transaction in financial derivative instruments which gives rise to a future commitment or contingent commitment of a Sub-Fund shall be covered as follows:

(a) in the case of financial derivative instruments transactions which will, or may at the Sub-Fund's discretion, be cash settled, the Sub-Fund shall 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 financial derivative instruments transactions which will, or may at the counterparty's discretion, require physical delivery of the underlying assets, the

Sub-Fund shall 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 provided further that the Sub-Fund shall apply safeguard measures such as to apply haircut where appropriate to ensure that such alternative assets held are sufficient to meet its future obligations.

4.7 The requirements under sub-paragraphs 4.1 to 4.6 of this Schedule 1 shall apply to embedded financial derivative. For the purposes of this Explanatory Memorandum, an "**embedded financial derivative**" is a financial derivative instrument that is embedded in another security.

5. Securities financing transactions

5.1 A Sub-Fund may engage in securities financing transactions, provided that they are in the best interests of Unitholders of such Sub-Fund to do so and the associated risks have been properly mitigated and addressed, and provided further that the counterparties to the securities financing transactions are financial institutions which are subject to ongoing prudential regulation and supervision.

5.2 A Sub-Fund shall have at least 100% collateralization in respect of the securities financing transaction(s) into which it enters to ensure there is no uncollateralized counterparty risk exposure arising from these transactions.

5.3 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 shall be returned to the Sub-Fund.

5.4 A Sub-Fund shall only enter into a securities financing transaction if the terms of such securities financing transaction include the power for the Sub-Fund at any time to recall the securities or the full amount of cash (as the case may be) subject to the securities financing transaction or terminate the securities financing transaction(s) into which it has entered.

6. Collateral

In order to limit the exposure to each counterparty as set out in sub-paragraphs 4.4(c) and 5.2 of this Schedule 1, a Sub-Fund may receive collateral from such counterparty, provided that the collateral complies with the requirements set out below:

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

(b) Valuation – the collateral is marked-to-market daily by using independent pricing sources;

(c) Credit quality – the collateral is of high credit quality provided that, in the event 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, such collateral shall be replaced immediately;

(d) Haircut – the collateral is subject to a prudent haircut policy;

(e) Diversification – the collateral is appropriately diversified so as to avoid concentrated exposure to any single entity and/or entities within the same group. A Sub-Fund's exposure to the issuer(s) of the collateral should be taken into account in compliance with the investment restrictions and limitations set out in sub-paragraphs 1(a), 1(b), 1(c), 1(f), 1(g)(i) and (ii) and provisos (A) to (C) of sub-paragraph 1(g) and sub-paragraph 2(b) of this Schedule 1;

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

(g) Management of operational and legal risks – the Manager has appropriate systems, operational capabilities and legal expertise for proper collateral management;

(h) Independent custody – the collateral is held by the Trustee or by duly appointed nominee, agent or delegate;

(i) Enforceability – the collateral is readily accessible or enforceable by the Trustee without further recourse to the issuer of the financial derivative instruments, or the counterparty of the securities financing transactions;

(j) Re-investment of collateral – any re-investment of collateral received for the account of the relevant Sub-Fund shall be subject to the following requirements:

(i) cash collateral received may only be reinvested in short-term deposits, high quality money market instruments and money market funds authorized under 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. For this purpose , 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;

(ii) non-cash collateral received may not be sold, re-invested or pledged;

(iii) the portfolio of assets from re-investment of cash collateral shall comply with the requirements as set out in sub-paragraphs 7(b) and 7(j) of this Schedule 1;

(iv) cash collateral received is not allowed to be further engaged in any securities financing transactions;

(v) 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) the collateral is free of prior encumbrances; and

(l) the collateral generally does not include (i) structured products whose payouts rely on embedded financial derivatives or synthetic instruments; (ii) securities issued by special purpose vehicles, special investment vehicles or similar entities; (iii) securitized products; or (iv) unlisted collective investment schemes.

Further details relating to the collateral policy of the Fund and/or Sub-Funds are disclosed in Schedule 3.

7. <u>Money Market Funds</u>

In the exercise of its investment powers in relation to a Sub-Fund which is a money market fund ("**Money Market Fund**") authorised by the SFC under 8.2 of the Code, the Manager shall ensure that the core requirements as set out in paragraphs 1, 2, 4, 5, 6, 9, 10.1 and 10.2 of this Schedule 1 shall apply with the following modifications, exemptions or additional requirements:

(a) subject to the provisions set out below, a Money Market Fund may only invest in short-term deposits and high quality money market instruments (i.e. securities normally dealt in on the money markets including government bills, certificates of deposit, commercial papers, short-term notes, bankers' acceptances, asset-backed securities such as asset-backed commercial papers), and money market funds that are authorised by the SFC 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;

(b) a Money Market Fund shall maintain a portfolio with weighted average maturity not exceeding 60 days and a weighted average life not exceeding 120 days and must not purchase an instrument with a remaining maturity of more than 397 days (or two years in the case of Government and other public securities). For the purposes herein;

(i) "**weighted average maturity**" is a measure of the average length of time to maturity of all the underlying securities in a Money Market Fund weighted to reflect the relative holdings in each instrument; and is used to measure the sensitivity of the Money Market Fund to changing money market interest rates; and

(ii) "**weighted average life**" is the weighted average of the remaining life of each security held in a Money Market Fund; and is used to measure the credit risk, as well as the liquidity risk,

provided that the use of interest rate resets in variable-notes or variable-rate notes generally should not be permitted to shorten the maturity of a security for the purpose of calculating weighted average life, but may be permitted for the purpose of calculating weighted average maturity;

(c) notwithstanding sub-paragraphs 1(a) and 1(c) of this Schedule 1, the aggregate value of a Money Market Fund's holding of instruments issued by a single entity, together

with any deposits held with that same issuer may not exceed 10% of the latest available Net Asset Value of such Money Market Fund except:

(i) the value of a Money Market Fund's holding of instruments and deposits issued by a single entity may be increased to 25% of the latest available Net Asset Value of such Money Market Fund if the entity is a substantial financial institution, provided that the total value of such holding does not exceed 10% of the entity's share capital and non-distributable capital reserves; or

(ii) up to 30% of a Money Market Fund's latest available Net Asset Value may be invested in Government and other public securities of the same issue; or

(iii) in respect of any deposit of less than US$1,000,000 or its equivalent in the Base Currency of the relevant Money Market Fund where such Money Market Fund cannot otherwise diversify as a result of its size;

(d) notwithstanding sub-paragraphs 1(b) and 1(c) of this Schedule 1, the aggregate value of a Money Market Fund's investments in entities within the same group through instruments and deposits may not exceed 20% of its latest available Net Asset Value provided that:

(i) the aforesaid limit will not apply in respect of cash deposit of less than US$ 1,000,000 or its equivalent in the Base Currency of such Money Market Fund, where it cannot otherwise diversify as a result of its size;

(ii) where the entity is a substantial financial institution and the total amount does not exceed 10% of the entity's share capital and non-distributable capital reserves, the limit may be increased to 25%;

(e) the value of a Money Market Fund's holding of money market funds that are 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 may not in aggregate exceed 10% of its latest available Net Asset Value;

(f) the value of a Money Market Fund's holding of investments in the form of asset-backed securities may not exceed 15% of its latest available Net Asset Value;

(g) subject to paragraphs 5 and 6 of this Schedule 1, a Money Market Fund may engage in sale and repurchase transactions, and reverse repurchase transactions in compliance with the following additional requirements:

(i) the amount of cash received by the Money Market Fund under sale and repurchase transactions may not in aggregate exceed 10% of its latest available Net Asset Value;

(ii) the aggregate amount of cash provided to the same counterparty in reverse repurchase agreements may not exceed 15% of the latest available Net Asset Value of the Money Market Fund;

(iii) collateral received may only be cash, high quality money market instruments and may also include, in the case of reverse repurchase transactions, government securities receiving a favourable assessment on credit quality; and

(iv) the holding of collateral, together with other investments of the Money Market Fund, must not contravene the investment limitations and requirements set out in the other provisions of this paragraph 7 of this Schedule 1;

(h) a Money Market Fund may use financial derivative instruments for hedging purposes only;

(i) the currency risk of an Money Market Fund should be appropriately managed and any material currency risk that arises from investments of the Money Market Fund that are not denominated in its Base Currency shall be appropriately hedged;

(j) a Money Market Fund must hold at least 7.5% of its latest available Net Asset Value in daily liquid assets and at least 15% of its latest available Net Asset Value in weekly liquid assets. For the purposes herein:

(i) daily liquid assets refers to (i) cash; (ii) instruments or securities convertible into cash (whether by maturity or through exercise of a demand feature) within one Business Day; and (iii) amount receivable and due unconditionally within one Business Day on pending sales of portfolio securities; and

(ii) weekly liquid assets refers to (i) cash; (ii) instruments or securities convertible into cash (whether by maturity or through exercise of a demand feature) within five Business Days; and (iii) amount receivable and due unconditionally within five Business Days on pending sales of portfolio securities.

8. <u>Index Funds</u>

8.1 In the exercise of its investment powers in relation to a Sub-Fund the principal objective of which is to track, replicate or correspond to a financial index or benchmark ("**Underlying Index**"), with an aim of providing or achieving investment results or returns that closely match or correspond to the performance of the Underlying Index ("**Index Fund**"), the Manager shall ensure that the core requirements in paragraphs 1, 2, 4, 5, 6, 9.1, 10.1 and 10.3 of this Schedule 1 shall apply with the modifications or exceptions as set out in sub-paragraphs 8.2 to 8.4 below.

8.2 Notwithstanding sub-paragraph 1(a) of this Schedule 1, more than 10% of the latest available Net Asset Value of an Index Fund may be invested in constituent securities issued by a single entity provided that:

(a) it is limited to any constituent securities that each accounts for more than 10% of the weighting of the Underlying Index; and

(b) the Index Fund's holding of any such constituent securities may not exceed their respective weightings in the Underlying Index, except where weightings are exceeded as a result of changes in the composition of the Underlying Index and the excess is only transitional and temporary in nature,

8.3 Investment restrictions in sub-paragraphs 8.2(a) and (b) of this Schedule 1 do not apply if:

(a) an Index Fund adopts a representative sampling strategy which does not involve the full replication of the constituent securities of the Underlying Index in the exact weightings of such Underlying Index;

(b) the strategy is clearly disclosed in the relevant Appendix of the Index Fund;

(c) the excess of the weightings of the constituent securities held by the Index Fund over the weightings in the Underlying Index is caused by the implementation of the representative sampling strategy;

(d) any excess weightings of the Index Fund's holdings over the weightings in the Underlying Index must be subject to a maximum limit reasonably determined by the Index Fund after consultation with the SFC. In determining this limit, the Index Fund must consider the characteristics of the underlying constituent securities, their weightings and the investment objectives of the Underlying Index and any other suitable factors;

(e) limits laid down for the Index Fund pursuant to sub-paragraph 8.3(d) must be disclosed in the relevant Appendix of the Index Fund; and

(f) disclosure must be made in the Index Fund's interim and annual financial reports as to whether the limits imposed for the Index Fund itself pursuant to sub-paragraph 8.3(d) of this Schedule 1 have been complied with in full.

8.4 Subject to approval of the SFC, the investment restrictions in sub-paragraphs 1(b) and (c) of this Schedule 1 may be modified and the 30% limit in sub-paragraph 1(f) of this Schedule 1 may be exceeded, and an Index Fund may invest all of its assets in Government and other public securities in any number of different issues despite sub-paragraph 1(f) of this Schedule 1.

9. Borrowing and Leverage

The expected maximum level of leverage of each Sub-Fund is as follows:

Cash borrowing

9.1 No borrowing shall be made in respect of a Sub-Fund which would result in the principal amount for the time being of all borrowings made for the account of the relevant Sub-Fund exceeding an amount equal to 10% of the latest available Net Asset Value of the relevant Sub-Fund provided always that back-to-back loans do not count as borrowing. For the avoidance of doubt, securities lending transactions and sale and repurchase transactions in compliance with the requirements as set out in sub-paragraphs 5.1 to 5.4 of this Schedule 1 are not borrowings for the purpose of, and are not subject to the limitations in this sub-paragraph 9.1.

9.2 Notwithstanding sub-paragraph 9.1 of this Schedule 1, a Money Market Fund may borrow only on a temporary basis for the purposes of meeting redemption requests or defraying operating expenses.

Leverage from the use of financial derivative instruments

9.3 A Sub-Fund may also be leveraged through the use of financial derivative instruments and its expected maximum level of leverage through the use of financial derivative instruments (i.e. expected maximum net derivative exposure) is set out in the relevant Appendix.

9.4 In calculating the net derivative exposure, derivatives acquired for investment purposes that would generate incremental leverage at the portfolio level of the relevant Sub-Fund are converted into their equivalent positions in their underlying assets. The net derivative exposure is calculated in accordance with the requirements and guidance by the SFC which may be updated from time to time.

9.5 The actual level of leverage may be higher than such expected level in exceptional circumstances, for example when there are sudden movements in markets and/or investment prices.

10. Name of Sub-Fund

10.1 If the name of a Sub-Fund indicates a particular objective, investment strategy, geographic region or market, the Sub-Fund must, under normal market circumstances, invest at least 70% of its 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.

10.2 The name of a Money Market Fund must not appear to draw a parallel between the Money Market Fund and the placement of cash on deposit.

10.3 The name of an Index Fund must reflect the nature of an index fund.

SCHEDULE 2 - SUMMARY OF POLICY OF SECURITIES FINANCING TRANSACTIONS

The summary of policy of securities financing transactions set out in this Schedule 2 is only applicable to a Sub-Fund which may engage in securities financing transactions.

Securities financing transactions may only be effected in accordance with normal market practice and provided that they are in the best interest of Unitholders of the relevant Sub-Fund to do so and the associated risks have been properly mitigated and addressed.

Securities Financing Transactions

Under a securities lending transaction, a Sub-Fund lends its securities to a security-borrowing counterparty for an agreed fee subject to a commitment from that counterparty that it will return equivalent securities on a specified future date or when requested to do so by the relevant Sub-Fund. A Sub-Fund is expected to retain the rights of beneficial ownership as to the loaned securities, including voting rights and rights to interest or other distributions, and will generally have the right to regain record ownership of loaned securities to exercise such beneficial rights.

Under a sale and repurchase transaction, a Sub-Fund sells its securities to a counterparty of reverse repurchase transactions subject to an agreement to repurchase the securities at an agreed price with a financing cost on a specified future date. Where a Sub-Fund enters into a sale and repurchase transaction under which it sells securities to the counterparty, it will incur a financing cost from engaging in this transaction which will be paid to the relevant counterparty.

Under a reverse repurchase transaction, a Sub-Fund purchases securities from a counterparty of sale and repurchase transactions subject to an agreement to re-sell the relevant securities to the counterparty at an agreed price on a specified future date.

A Sub-Fund must have the right to terminate the securities financing transactions at any time and demand the return of all of the securities loaned or the full amount of cash (as the case may be).

Revenues and Expenses

All 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, shall be returned to the relevant Sub-Fund. Such direct and indirect expenses shall include fees and expenses payable to securities lending agents engaged for the relevant Sub-Fund from time to time. Such fees and expenses of any securities lending agents engaged for the relevant Sub-Fund, will be at normal commercial rates and will be borne by the relevant Sub-Fund in respect of which the relevant party has been engaged.

Information on the revenues generated under such transactions shall be disclosed in the annual and interim financial reports] of the relevant Sub-Fund, along with entities to whom direct and indirect operational costs and fees relating to such transactions are paid. These entities may include the Manager, the Investment Delegate or any other their connected persons.

Eligible Counterparties

Please refer to Schedule 3 for further details.

Collateral

A Sub-Fund must have at least 100% collateralization in respect of the securities financing transaction(s) into which it enters to ensure there is no uncollateralized counterparty risk exposure arising from these transactions.

Please refer to Schedule 3 for further details.

Maximum and expected level of securities financing transactions

The maximum and expected level of a Sub-Fund's assets available for securities financing transactions are set out in the Appendix of the relevant Sub-Fund.

Types of assets that may be subject to securities financing transactions

The types of assets that may be subject to securities financing transactions include equity securities, fixed income securities, collective investment schemes, money market instruments and cash. Use of such assets is subject to a Sub-Fund's investment objective and policy.

Connected person(s) arrangement

Any securities financing transactions arranged by a connected person of the Manager, the Investment Delegate or the Trustee must be carried out on the best available terms negotiated and on an arm's length. Furthermore, the Manager shall the relevant requirements set out under the heading entitled "**Transactions with Connected Persons, Cash Rebates and Soft Dollars**" in the section "**Fees and Expenses**" are complied with.

Details (such as information on income, direct and indirect costs, fees, entities to which such costs and fees are paid and the relationship of the entities with the Manager or the Trustee (if any)) of the securities financing transactions will be disclosed in the relevant Sub-Fund's annual reports.

Safekeeping arrangement

Assets received

Assets (including any collateral) received by a Sub-Fund under a title-transfer arrangement should be held by the Trustee or a Correspondent.

Assets provided

Assets (including any collateral) provided to a counterparty under a title-transfer arrangement shall no longer belong to the Sub-Fund. Assets (including any collateral) provided to a counterparty other than under a title-transfer arrangement shall be held by the Trustee or a Correspondent (which may include the counterparty to the relevant securities financing transaction). Upon the exercise of a right of re-use by a counterparty, such assets will not be safe-kept by the Trustee or a Correspondent and such counterparty may use the assets at its absolute discretion.

SCHEDULE 3 – COLLATERAL VALUATION AND MANAGEMENT POLICY

The Manager employs a collateral management policy in relation to collateral received in respect of securities financing transactions and OTC financial derivative transactions entered into in respect of a Sub-Fund.

A Sub-Fund may receive collateral from a counterparty to a securities financing transaction or OTC derivative transaction in order to reduce its counterparty risk exposure, subject to the investment restrictions and requirements applicable to collateral under Schedule 1.

Nature and quality of the collateral

A Sub-Fund may receive both cash and non-cash collateral from a counterparty. Cash collateral may include cash and cash equivalents. Non-cash collateral may comprise of money market instruments, government or corporate bonds whether investment grade / non-investment grade, long/short term bonds, listed or traded in any regulated markets.

When accepting collateral from a counterparty, the Manager will take into account the liquidity, market and volatility risk as well as the maturity date of such collateral. The Manager will also aim to diversify collaterals received by a Sub-Fund to minimise the concentration risk of one or a small number of counterparties.

Criteria for selecting counterparties

The Manager has counterparty selection policies and control measures to manage the credit risks of counterparties of securities financing transactions and OTC derivative transactions which shall include amongst other considerations, fundamental creditworthiness (e.g. ownership structure, financial strength) and commercial reputation of specific legal entities in conjunction with the nature and structure of proposed trading activities, external credit ratings of the counterparty, the regulatory supervision applied to the relevant counterparty, country of origin of the counterparty and legal status of the counterparty.

The counterparty of securities financing transactions must be financial institutions which are subject to ongoing prudential regulation and supervision.

The counterparties of OTC derivative transactions will be entities with legal personality typically located in OECD jurisdictions (but may also be located outside such jurisdictions), and be subject to ongoing supervision by a regulatory authority.

The counterparty to a securities financing transaction and an OTC derivative transaction must have a minimum credit rating of BBB- or equivalent, or must be deemed by the Manager to have an implied rating of BBB- or equivalent assigned by an internationally recognised credit agency (e.g. Standard & Poor's or Moody's). Alternatively, an unrated counterparty will be acceptable if such counterparty is a licensed corporation regulated by the SFC or a registered institution with the Hong Kong Monetary Authority or where the Manager is indemnified or guaranteed against losses suffered as a result of a failure by the counterparty, by an entity which has and maintains a rating of BBB- or equivalent assigned by an internationally recognised credit agency (e.g. Standard & Poor's or Moody's).

The Manager will continuously monitor and review the eligibility of counterparties in respect of the criteria set out herein.

Valuation of collateral

The collateral received is valued daily by independent pricing source on a mark-to-market basis in line with the valuation policy as set out in the section headed "**Valuation and Suspension**".

Enforceability of collateral

Collateral (subject to any net-off or set-off, if applicable) is capable of being fully enforced by the Manager / Sub-Fund at any time without further recourse to the counterparty.

Haircut policy

A documented haircut policy is in place for detailing the policy in respect of each class of assets received by a Sub-Fund in order to reduce exposure to counterparties. A haircut is a discount applied to the value of a collateral asset to account for the fact that its valuation, or liquidity profile, may deteriorate over time. The haircut policy applied to posted collateral will be negotiated on a counterparty basis and will vary depending on the class of asset received by the relevant Sub-Fund. Haircuts will 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. The haircut policy takes account of the price volatility of the asset used as collateral and 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.

Further details of the applicable haircut arrangement for each asset class can be available from the Manager upon request.

Diversification and correlation of collateral

Collateral must be sufficiently diversified. The exposures of a Sub-Fund to the collateral issuers are monitored in accordance with the relevant restrictions on exposure to a single entity and/or entities within the same group as set out in Schedule 1.

Collateral received must be issued by an entity that is independent from the relevant counterparty.

Cash collateral reinvestment policy

A Sub-Fund shall not sell, pledge or re-invest any non-cash collateral received by it.

Subject to the applicable restrictions in respect of collateral in Schedule 1, cash collateral received by a Sub-Fund may be reinvested in short-term deposits, high quality money market instruments and money market funds authorized under 8.2 of the Code or regulated in a manner generally comparable with the requirements of the SFC and acceptable to the SFC.

Up to 100% of the cash collateral received by a Sub-Fund may be reinvested.

Safe-keeping of collateral

Any non-cash assets received by a Sub-Fund from a counterparty on a title transfer basis (whether in respect of a securities financing transaction or an OTC derivative transaction) should be held by the Trustee or a Correspondent. This is not applicable in the event that there is no title transfer in which case the collateral will be held by a third party custodian which is unrelated to the provider of the collateral.

A description of collateral holdings of each Sub-Fund will be disclosed in its interim and annual financial reports as required under Appendix E of the Code.

Assets provided by a Sub-Fund on a title transfer basis shall no longer belong to the Sub-Fund. The counterparty may use those assets at its absolute discretion. Assets provided to a counterparty other than on a title transfer basis shall be held by the Trustee or a Correspondent.

APPENDIX 1 – CCBI USD MONEY MARKET FUND

*This Appendix (which forms part of, and should be read together with the rest of, the Explanatory Memorandum) relates to the CCBI USD Money Market Fund ("**Sub-Fund**"), a sub-fund of the Fund.*

PRINCIPAL TERMS

DEFINITIONS

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

"**Amortisation Period**"	the first 5 Accounting Periods from the date of launch of the Sub-Fund or such other period as the Manager after consultation with the Auditors shall determine
"**Base Currency**" and "**Class Currency**"	US Dollars
"**Class**"	Class A (accumulation) (USD), Class A (accumulation) (HKD), Class A (accumulation) (RMB), Class I (accumulation) (USD), Class I (accumulation) (HKD), Class I (accumulation) (RMB), Class K (accumulation) (USD), Class K (accumulation) (HKD), Class K (accumulation) (RMB), Class N (accumulation) (USD), Class N (accumulation) (HKD), Class N (accumulation) (RMB), Class E (accumulation) (USD), Class E (accumulation) (HKD), and Class E (accumulation) (RMB)
"**Class Currency**"	Class A (accumulation) (USD), Class I (accumulation) (USD), Class K (accumulation) (USD), Class N (accumulation) (USD) and Class E (accumulation) (USD): USD Class A (accumulation) (HKD), Class I (accumulation) (HKD), Class K (accumulation) (HKD), Class N (accumulation) (HKD) and Class E (accumulation) (HKD): HKD Class A (accumulation) (RMB), Class I (accumulation) (RMB), Class K (accumulation) (RMB), Class N (accumulation) (RMB) and Class E (accumulation) (RMB): RMB
"**Initial Offer Period**"	in respect of Class A (accumulation) (USD), Class A (accumulation) (HKD), Class A (accumulation) (RMB), Class I (accumulation) (USD), Class I (accumulation) (HKD), Class I (accumulation) (RMB), Class K (accumulation) (USD), Class K (accumulation) (HKD), Class K (accumulation) (RMB), Class N (accumulation) (USD), Class N

	(accumulation) (HKD), Class N (accumulation) (RMB), Class E (accumulation) (USD), Class E (accumulation) (HKD), and Class E (accumulation) (RMB), the period commencing 9:00 a.m. (Hong Kong time) on 13 June 2024 to 5:00 p.m. (Hong Kong time) on 13 June 2024 (or such other dates as the Manager may determine).
"**Payment Period**"	no later than 12:00 p.m. on the relevant Subscription Day on which the relevant Units are issued
"**Redemption Day**"	each Business Day or such other day or days as the Manager and the Trustee may from time to time determine, either generally or in respect of a particular Class or Classes of Units, for effecting any requests for redemption of Units in the Sub-Fund or the relevant Class or Classes in the Sub-Fund
"**Redemption Deadline**"	12:00 p.m. (Hong Kong time) on the relevant Redemption Day by which a redemption request in respect of the Sub-Fund or a Class of Units must be received or such other time or on such other Business Day or day as the Manager and the Trustee may from time to time determine generally or in relation to any particular jurisdiction in which Units of the Sub-Fund or the relevant Class may from time to time be sold
"**Sub-Fund**"	CCBI USD Money Market Fund
"**Subscription Day**"	each Business Day or such other day or days as the Manager and the Trustee may from time to time determine, either generally or in respect of a particular Class or Classes of Units, for effecting any requests for subscription of Units in the Sub-Fund or the relevant Class or Classes in the Sub-Fund
"**Subscription Deadline**"	12:00 p.m. (Hong Kong time) on the relevant Subscription Day by which an application for subscription in respect of the Sub-Fund or a Class of Units must be received or such other time or on such other Business Day or day as the Manager and the Trustee may from time to time determine generally or in relation to any particular jurisdiction in which Units of the Sub-Fund or the relevant Class may from time to time be sold
"**Valuation Day**"	each Business Day on which the Net Asset Value of the Sub-Fund and/or the Net Asset Value of a Unit or a Class of Unit of the Sub-Fund falls to be calculated and in relation to each Subscription Day or Redemption Day (as the case may be) of any Class or Classes of Units means either such Subscription Day or Redemption Day (as the case may be) or such other Business Day or day as the Manager and the Trustee may from time to time determine, either generally or in relation to a particular Class of Units

INVESTMENT CONSIDERATIONS

Investment Objective	The Sub-Fund's sole objective is to invest in short-term deposits and high quality money market investments. The Sub-Fund seeks to achieve a return in USD in line with prevailing money market rates. There can be no assurance that the Sub-Fund will achieve its investment objective.

Investment Policies

Indicative asset allocation

The indicative asset allocation of the Sub-Fund is as follows:

70% - 100% of the Net Asset Value of the Sub-Fund	USD-denominated and settled short-term deposits and high quality money market instruments
0% - 30% of the Net Asset Value of the Sub-Fund	Non USD-denominated and settled short-term deposits and high quality money market instruments

Investment portfolio

The Sub-Fund seeks to achieve its investment objective by investing primarily (i.e. not less than 70% of its Net Asset Value) in USD-denominated and settled short-term deposits and high quality money market instruments issued by governments, quasi-governments, international organisations, financial institutions, etc. The Sub-Fund may invest up to 30% of its Net Asset Value in non USD-denominated deposits and high quality money market instruments. The Manager may hedge non USD-denominated investments to USD in order to manage any material currency risk.

High quality money market instruments include short-term and high quality debt securities (including but are not limited to government bonds, fixed and floating rate bonds), commercial papers, certificates of deposits, commercial bills, short-term bills, government bills and bank acceptances. However, the Sub-Fund will not invest in instruments denominated in RMB.

In assessing whether an instrument is of high quality, at a minimum, the credit quality and the liquidity profile of the instrument must be taken into account.

The Manager will consider the following in selecting short-term and high quality debt securities:

- Credit rating: the Sub-Fund will only invest in debt securities that are, or in the case where the debt security itself is unrated, whose issuers or guarantors are, investment grade. If neither the issuer nor the guarantor is rated, the Manager will consider the credit rating of the banking group to which the issuer belongs.
- "**Investment grade**" means the debt security, the issuer or the guarantor of which, or the banking group to which the issuer belongs, has a short-term credit rating of A-3 or higher by Standard & Poor's or F3 or higher by Fitch Ratings or P-3 or higher by Moody's, or a long-term credit rating of BBB- or higher by Standard & Poor's or Fitch Ratings or Baa3 or higher by Moody's, or equivalent rating as rated by one of the international

credit rating agencies. While the Sub-Fund does not intend to invest in debt securities of longer term, long-term credit ratings will be considered in assessing the credit quality of the debt securities which have been rated long-term credit ratings but with short remaining term to maturity at the time of purchase by the Sub-Fund. In assessing the credit quality of debt securities, if the relevant debt security does not itself have a credit rating, then reference will be made to the credit rating of the issuer or guarantor of such debt security. The Manager will consider the credit rating of the banking group to which the issuer belongs if the issuer or guarantor is not rated. If the debt security, issuer, guarantor or banking group to which the issuer belongs is not rated, it will be classified as unrated.

- Weight average maturity and weighted average life: out of investments that fulfil the criteria on credit rating, the Sub-Fund will maintain a portfolio with weighted average maturity not exceeding 60 days and a weighted average life not exceeding 120 days and will not purchase an instrument/security with a remaining maturity of more than 397 days, or two years in the case of Government and other public securities.

- Liquidity: investments that satisfy the above requirements will be assessed based on liquidity. The Manager may assess the liquidity of the investments based on, amongst others, time to cash, external liquidity classification, liquidation horizon, daily trading volume, price volatility and bid-ask of spread of such instruments/securities. Only instruments with sufficient liquidity will be included in the portfolio of the Sub-Fund.

The Sub-Fund may invest not more than 15% of its Net Asset Value in asset backed securities that are rated investment grade. The Sub-Fund may also invest not more than 10% of its Net Asset Value in money market funds that are authorised in Hong Kong by the SFC under Chapter 8.2 of the Code or regulated in other jurisdictions in a manner generally comparable with the requirements of the SFC and acceptable to the SFC.

Geographical allocation

There is no specific geographical allocation of the country/region of issue of the high quality money market instruments or deposits. Countries or regions in which the Sub-Fund may invest in include Mainland China, Hong Kong, Macau, Taiwan, Singapore, the European Union and the United States.

For the Mainland China investments, it is not intended that the Sub-Fund will invest in onshore instruments issued in Mainland China. However, the Sub-Fund may invest up to 100% of its Net Asset Value in offshore instruments issued by companies with their principal place of business or key assets located in Mainland China or which derive a substantial part of their revenue from Mainland China.

Save as aforesaid, the Sub-Fund may only invest less than 30% of its Net Asset Value in instruments issued in other emerging markets or issued by companies with their principal place of business or key assets located in emerging markets or which derive a substantial part of their revenue from emerging markets.

Diversification of instruments and deposits

Subject to the above, the aggregate value of the Sub-Fund's holding of instruments and deposits issued by a single entity will not exceed 10% of the total Net Asset Value of the Sub-Fund except:

(i) where the entity is a substantial financial institution and the total amount does not exceed 10% of the entity's share capital and non-distributable capital reserves, the limit may be increased to 25%;
(ii) in the case of Government and other public securities, up to 30% may be invested in the same issue; or
(iii) in respect of any deposit of less than USD1,000,000, where the Sub-Fund cannot otherwise diversify as a result of its size.

The Sub-Fund will not invest in convertible bonds, instruments with loss-absorptions features or urban investment bonds (i.e. debt instruments issued by local government financing vehicles).

Investment and Borrowing Restrictions

The Sub-Fund is a Money Market Fund authorised by the SFC under 8.2 of the Code is subject to the investment and borrowing restrictions applicable to a Money Market Fund as set out in Schedule 1 to the Explanatory Memorandum.

Use of Derivatives

The Sub-Fund's net derivative exposure may be up to 50% of its Net Asset Value.

The Sub-Fund will use financial derivative instruments or similar OTC transactions (including interest rate swaps and currency swaps) for hedging purposes only.

Securities Financing Transactions

The Manager may, on behalf of a Sub-Fund, enter into sale and repurchase transactions on the OTC markets for up to 10% of the Net Asset Value of the Sub-Fund but only on a temporary basis to meet redemption requests and/or defray operating expenses.

The Manager currently does not intend to enter into any securities lending and reverse repurchase transactions in respect of the Sub-Fund.

SPECIFIC RISK FACTORS

In addition to the relevant risks mentioned in the "*Risk Factors*" section in the Explanatory Memorandum (including "Risk of not achieving investment objective", "General investment risk", "Market risk", "Risks relating to debt securities", "Mainland China market risk", "Emerging markets risk", "Currency and foreign exchange risk", "Concentration risk", "Hedging risk" and "Risks associated with collateralised and/or securitised products (such as asset

backed securities, mortgage backed securities and asset backed commercial papers)"), investors should also take note of the following risks associated with investment in the Sub-Fund.

Risks relating to the nature as a Money Market Fund	The purchase of a Unit in the Sub-Fund is not the same as placing funds on deposit with a bank or deposit taking company. The Sub-Fund does not guarantee principal and the Manager has no obligation to redeem the Units at the offer value. The Sub-Fund does not have a constant Net Asset Value. The Sub-Fund is not subject to the supervision of the Hong Kong Monetary Authority.
RMB Class(es) related risk	RMB is currently not freely convertible and is subject to exchange controls and restrictions. Although offshore RMB (CNH) and onshore RMB (CNY) are the same currency, they trade at different rates. The CNH rate may be at a premium or discount to the exchange rate for CNY and there may be significant bid and offer spreads. When calculating the value of the RMB denominated Class(es), CNH will be used. The value of the RMB denominated Class(es) thus calculated will be subject to fluctuation. Any divergence between CNH and CNY may adversely impact investors. Non-RMB based (for example Hong Kong) investors are exposed to foreign exchange risk and may have to convert HKD or other currencies into RMB when investing in the RMB denominated Class(es). Subsequently, investors may also have to convert the RMB redemption proceeds (received when selling the Units) and RMB distributions received (if any) back to HKD or other currencies. During these processes, investors will incur currency conversion costs and may suffer losses in the event that RMB depreciates against HKD or such other currencies upon receipt of the RMB redemption proceeds and/or RMB distributions (if any). There is no guarantee that the value of RMB against the investors' base currencies (for example HKD) will not depreciate. Any depreciation of RMB could adversely affect the value of investor's investment in the RMB denominated Classes of Units. For RMB denominated Class(es), since the Unit prices are denominated in RMB, but the Sub-Fund will not be invested in RMB-denominated underlying investments and its Base Currency is USD, so even if the prices of the non-RMB denominated underlying investments and/or value of the Base Currency rise or remain stable, investors may still incur losses if RMB appreciates against the currencies of the non-RMB denominated underlying investments and/or the Base Currency more than the increase in the value of the non-RMB denominated underlying investments and/or the Base Currency. Furthermore, under the scenario where RMB appreciates against the currencies of the non-RMB denominated underlying investments and/or the Base Currency of the Sub-Fund (i.e. USD), and the value of the non-RMB denominated underlying investments decrease, the value of investors' investments in RMB denominated Class(es) may suffer additional losses.

Under exceptional circumstances, payment of redemptions and/or dividend payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.

Risks associated with bank deposits

Bank deposits are subject to the credit risks of the relevant financial institutions. The Sub-Fund's deposit may not be protected by any deposit protection schemes, or the value of the protection under the deposit protection schemes may not cover the full amount deposited by the Sub-Fund. Therefore, if the relevant financial institution defaults, the Sub-Fund may suffer losses as a result.

INVESTING IN THE FUND AND REDEMPTION OF UNITS

Classes of Units

The Sub-Fund currently offers the following Classes of Units:

Classes	Class Currency
Class A (accumulation) (USD)	USD
Class A (accumulation) (HKD)	HKD
Class A (accumulation) (RMB)	RMB
Class I (accumulation) (USD)	USD
Class I (accumulation) (HKD)	HKD
Class I (accumulation) (RMB)	RMB
Class K (accumulation) (USD)	USD
Class K (accumulation) (HKD)	HKD
Class K (accumulation) (RMB)	RMB
Class N (accumulation) (USD)	USD
Class N (accumulation) (HKD)	HKD
Class N (accumulation) (RMB)	RMB
Class E (accumulation) (USD)	USD
Class E (accumulation) (HKD)	HKD
Class E (accumulation) (RMB)	RMB

The Manager will determine a person's eligibility to subscribe for any Classes of Units and will have the absolute discretion to decline any subscription application for any Class of Units as it sees fit.

Class	**Class A (USD) Units**	**Class A (HKD) Units**	**Class A (RMB) Units**	C4
Initial Offer Price	USD 10 per Unit	HKD 10 per Unit	RMB 10 per Unit	
Minimum Initial Subscription Amount	USD 0.1	HKD 1	RMB 1	
Minimum Subsequent Subscription Amount	USD 0.1	HKD 1	RMB 1	
Minimum Redemption Amount	USD 0.1	HKD 1	RMB 1	
Minimum Holding Amount	USD 0.1	HKD 1	RMB 1	
Class	**Class I (USD) Units**	**Class I (HKD) Units**	**Class I (RMB) Units**	

Initial Offer Price	USD 10 per Unit	HKD 10 per Unit	RMB 10 per Unit
Minimum Initial Subscription Amount	USD 100,000	HKD 100,000	RMB 100,000
Minimum Subsequent Subscription Amount	USD 0.1	HKD1	RMB 1
Minimum Redemption Amount	USD 10,000	HKD 10,000	RMB 10,000
Minimum Holding Amount	USD 10,000	HKD 10,000	RMB10,000
Class	**Class K (USD) Units**	**Class K (HKD) Units**	**Class K (RMB) Units**
Initial Offer Price	USD 10 per Unit	HKD 10 per Unit	RMB 10 per Unit
Minimum Initial Subscription Amount	USD 1	HKD 1	RMB 1
Minimum Subsequent Subscription Amount	USD 1	HKD 1	RMB 1
Minimum Redemption Amount	USD 1	HKD 1	RMB 1
Minimum Holding Amount	USD 1	HKD 1	RMB 1
Class	**Class N (USD) Units**	**Class N (HKD) Units**	**Class N (RMB) Units**
Initial Offer Price	USD 10 per Unit	HKD 10 per Unit	RMB 10 per Unit
Minimum Initial Subscription Amount	USD 0.1	HKD 1	RMB 1
Minimum Subsequent Subscription Amount	USD 0.1	HKD 1	RMB 1
Minimum Redemption Amount	USD 0.1	HKD 1	RMB 1
Minimum Holding Amount	USD 0.1	HKD 1	RMB 1
Class	**Class E (USD) Units**	**Class E (HKD) Units**	**Class E (RMB) Units**

Initial Offer Price	USD 10 per Unit	HKD 10 per Unit	RMB 10 per Unit
Minimum Initial Subscription Amount	USD 1	HKD 1	RMB 1
Minimum Subsequent Subscription Amount	USD 1	HKD 1	RMB 1
Minimum Redemption Amount	USD 1	HKD 1	RMB 1
Minimum Holding Amount	USD 1	HKD 1	RMB 1

CONVERSION

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

DISTRIBUTION POLICY

Currently, the Sub-Fund does not offer any Distribution Class(es) which pay regular distributions out of net distributable income or capital or gross income of such Sub-Fund.

Accumulation Class(es)

Class A (accumulation) (USD), Class A (accumulation) (HKD), Class A (accumulation) (RMB), Class I (accumulation) (USD), Class I (accumulation) (HKD), Class I (accumulation) (RMB), Class K (accumulation) (USD), Class K (accumulation) (HKD), Class K (accumulation) (RMB), Class N (accumulation) (USD), Class N (accumulation) (HKD), Class N (accumulation) (RMB), Class E (accumulation) (USD), Class E (accumulation) (HKD), and Class E (accumulation) (RMB) are Accumulation Classes.

For the Accumulation Class(es), no distribution will be made to Unitholders.

FEES AND EXPENSES

Fees payable by investors:

Class	**Class A (USD) Units, Class A (HKD) Units and Class A (RMB) Units**	
	Current	**Maximum**
Subscription Charge (% of Initial Offer Price or Issue Price)	Up to 1%	1%
Redemption Charge	Nil	Nil
Switching Fee	Nil	Nil

Class	**Class I (USD) Units, Class I (HKD) Units and Class I (RMB) Units**	
	Current	**Maximum**
Subscription Charge (% of Initial Offer Price or Issue Price)	Up to 1%	1%
Redemption Charge	Nil	Nil
Switching Fee	Nil	Nil

Class	**Class K (USD) Units, Class K (HKD) Units and Class K (RMB) Units**	
	Current	**Maximum**
Subscription Charge (% of Initial Offer Price or Issue Price)	Up to 1%	1%
Redemption Charge	Nil	Nil
Switching Fee	Nil	Nil

Class	**Class N (USD) Units, Class N (HKD) Units and Class N (RMB) Units**	
	Current	**Maximum**
Subscription Charge (% of Initial Offer Price or Issue Price)	Up to 1%	1%
Redemption Charge	Nil	Nil
Switching Fee	Nil	Nil

Class	**Class E (USD) Units, Class E (HKD) Units and Class E (RMB) Units**	
	Current	**Maximum**

Subscription Charge (% of Initial Offer Price or Issue Price)	Up to 1%	1%
Redemption Charge	Nil	Nil
Switching Fee	Nil	Nil

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

	Current	**Maximum**
Management Fee (% Net Asset Value of the relevant Class per annum)	**Class A (USD) Units, Class A (HKD) Units and Class A (RMB) Units**: 0.35% **Class I (USD) Units, Class I (HKD) Units and Class I (RMB) Units**: 0.10% **Class K (USD) Units, Class K (HKD) Units and Class K (RMB) Units**: 0.05% **Class N (USD) Units, Class N (HKD) Units and Class N (RMB) Units**: 0.60% **Class (USD) Units, Class E (HKD) Units and Class E (RMB) Units**: 0.00%	3%
Performance Fee	No performance fee will be charged in respect of the Sub-Fund.	
Trustee Fee (% Net Asset Value of the Sub-Fund per annum)	0.05%	0.20%
Establishment Costs	The establishment costs of the Fund and the Sub-Fund are approximately HKD 500,000 and will be borne by the Sub-Fund. The establishment costs will be amortised over the Amortisation Period.	
General Expenses	Please refer to the section headed "***General Expenses***" for further details.	

GENERAL INFORMATION

Financial Reports	The first Accounting Date of the Sub-Fund would be 31 December 2024 and the first Semi-Annual Accounting Date of the Sub-Fund would be 30 June 2025.

APPENDIX 2 – CCBI GLOBAL INVESTMENT GRADE SHORT DURATION BOND FUND

*This Appendix (which forms part of, and should be read together with the rest of, the Explanatory Memorandum) relates to the CCBI Global Investment Grade Short Duration Bond Fund ("**Sub-Fund**"), a sub-fund of the Fund.*

PRINCIPAL TERMS

DEFINITIONS

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

"**Amortisation Period**"	the first 5 Accounting Periods from the date of launch of the Sub-Fund or such other period as the Manager after consultation with the Auditors shall determine
"**Base Currency**"	US Dollars
"**Class**"	Class A (accumulation) (USD) Class A (distribution) (USD) Class A (accumulation) (HKD) Class A (distribution) (HKD) Class A (accumulation) (RMB) Class A (distribution) (RMB) Class A (accumulation) (RMB) hedged Class A (distribution) (RMB) hedged Class B (accumulation) (USD) Class B (distribution) (USD) Class B (accumulation) (HKD) Class B (distribution) (HKD) Class B (accumulation) (HKD) hedged Class B (distribution) (HKD) hedged Class B (accumulation) (RMB) Class B (distribution) (RMB) Class B (accumulation) (RMB) hedged Class B (distribution) (RMB) hedged Class I (accumulation) (USD) Class I (distribution) (USD) Class I (accumulation) (HKD) Class I (distribution) (HKD) Class I (accumulation) (RMB) Class I (distribution) (RMB) Class I (accumulation) (RMB) hedged Class I (distribution) (RMB) hedged Class S (accumulation) (USD) Class S (accumulation) (HKD) Class S (accumulation) (RMB) hedged Class E (accumulation) (USD) Class E (distribution) (USD) Class E (accumulation) (HKD) Class E (distribution) (HKD)

	Class E (accumulation) (RMB) hedged Class E (distribution) (RMB) hedged
"**Class Currency**"	the currency of denomination of each Class
"**Initial Offer Period**"	the period commencing 12:00 noon (Hong Kong time) on 12 September 2025 to 4:00 p.m. (Hong Kong time) on 12 September 2025 (or such other dates as the Manager may determine)
"**Payment Period**"	no more than 3 Business Days after the relevant Subscription Day on which the relevant Units are issued
"**Redemption Day**"	each Business Day or such other day or days as the Manager and the Trustee may from time to time determine, either generally or in respect of a particular Class or Classes of Units, for effecting any requests for redemption of Units in the Sub-Fund or the relevant Class or Classes in the Sub-Fund
"**Redemption Deadline**"	4:00 p.m. (Hong Kong time) on the relevant Redemption Day by which a redemption request in respect of the Sub-Fund or a Class of Units must be received or such other time or on such other Business Day or day as the Manager and the Trustee may from time to time determine generally or in relation to any particular jurisdiction in which Units of the Sub-Fund or the relevant Class may from time to time be sold
"**Sub-Fund**"	CCBI Global Investment Grade Short Duration Bond Fund
"**Subscription Day**"	each Business Day or such other day or days as the Manager and the Trustee may from time to time determine, either generally or in respect of a particular Class or Classes of Units, for effecting any requests for subscription of Units in the Sub-Fund or the relevant Class or Classes in the Sub-Fund
"**Subscription Deadline**"	4:00 p.m. (Hong Kong time) on the relevant Subscription Day by which an application for subscription in respect of the Sub-Fund or a Class of Units must be received or such other time or on such other Business Day or day as the Manager and the Trustee may from time to time determine generally or in relation to any particular jurisdiction in which Units of the Sub-Fund or the relevant Class may from time to time be sold
"**Valuation Day**"	each Business Day on which the Net Asset Value of the Sub-Fund and/or the Net Asset Value of a Unit or a Class of Unit of the Sub-Fund falls to be calculated and in relation to each Subscription Day or Redemption Day (as the case may be) of any Class or Classes of Units means either such Subscription Day or Redemption Day (as the case may be) or such other Business Day or day as the Manager and the Trustee may from time to time determine, either generally or in relation to a particular Class of Units

INVESTMENT CONSIDERATIONS

Investment Objective

The Sub-Fund's objective is to achieve long term capital growth through investing globally in a portfolio consisting primarily of short-term debt securities denominated in USD, EUR, HKD, JPY or offshore RMB, which aim to generate a steady flow of income in addition to capital appreciation for the Sub-Fund, including debt securities issued in emerging markets. There can be no assurance that the Sub-Fund will achieve its investment objective.

Investment Policies

Primary investment

The Sub-Fund seeks to achieve its investment objective by investing primarily (i.e. not less than 70% and up to 100% of its Net Asset Value) in a portfolio of USD, EUR, HKD, JPY or offshore RMB denominated ("Dim Sum" bonds, i.e. bonds issued outside China but denominated in RMB) offshore debt securities, with maturity not longer than 3 years, issued or traded in the global debt securities markets.

The Sub-Fund will invest at least 70% of its Net Asset Value in debt securities rated investment grade. For the purpose of the Sub-Fund:

(i) a long-term debt security is considered investment grade if its credit rating is BBB- or higher by Standard & Poor's and Fitch Ratings or Baa3 or higher by Moody's or equivalent rating as rated by an international credit rating agency;

(ii) a short-term debt security is considered investment grade if its credit rating is A-3 or higher by Standard & Poor's or F3 or higher by Fitch Ratings or P-3 or higher by Moody's or equivalent rating as rated by an international credit rating agency;

(iii) Mainland China debt securities are considered investment grade if rated with investment rating of AAA or above by reputable Mainland China rating agencies; and

(iv) for a debt security which itself does not have a credit rating, the issuer or the guarantor of the relevant debt security must be rated investment grade in accordance with the above.

There is no specific geographical allocation of the country of issue of the debt securities or deposits. There is no limit in the Sub-Fund's investments in emerging markets debt securities. There is no set proportion between investments in developed markets and emerging markets, therefore investments in emerging markets may be up to 100% of the Sub-Fund's Net Asset Value.

Selection of investments will be determined by the availability of attractive investment opportunities. Its investment horizon is not restricted geographically and it may invest in global debt securities. The Sub-Fund may invest in, but not limited to, Mainland China, Hong Kong, Singapore, Japan, Korea, Malaysia, Taiwan, US, UK, the EU countries. Under exceptional circumstances (e.g. market crash or major crisis) or adverse

market conditions, the Sub-Fund may be invested temporarily up to 100% of its Net Asset Value in liquid assets such as bank deposits, certificates of deposit, commercial paper and treasury bills.

Ancillary and other investments

The Sub-Fund will invest in aggregate (and for each category) no more than 30% of its Net Asset Value in the following:

a. debt securities with maturity longer than 3 years and up to 10 years;

b. convertible bonds, issued and/or guaranteed by issuers such as corporations, financial institutions and banks. In the event convertible bonds are converted into shares resulting in deviation from the indicative asset allocation, the Manager will arrange for the shares to be sold within 10 business days;

c. debt instruments with loss-absorption features ("LAP") e.g. contingent convertible bonds ("CoCos"), senior non-preferred debts and perpetual bonds. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s);

d. collateralised and/or securitised securities (including asset backed commercial papers and mortgage backed securities) and structured deposits and structured products such as security-linked investments, index-linked investments and structured notes;

e. collective investment schemes that invest primarily in the above fixed income instruments (including those managed by the Manager or its connected persons) authorised by the SFC or other eligible scheme in accordance with the Code on Unit Trusts and Mutual Funds ("Code"). Where the Sub-Fund invests in any collective investment schemes managed by the Manager or any of its Connected Persons, all initial charges and redemption charges on such collective investment scheme(s) must be waived; and

f. cash, deposits, and other money market instruments (such as but not limited to treasury bills, commercial papers, certificate of deposits as considered appropriate by the Manager).

For the avoidance of doubt, there is no intention for the Sub-Fund to invest in debt securities of high yield nature (i.e., rated below investment grade or unrated) and with issuer or guarantor of such debt securities rated below investment grade or unrated.

The Sub-Fund may also invest no more than 20% of its Net Asset Value in RMB denominated debt securities issued within Mainland China (i.e. Mainland China domestic debt securities) via the QFI regime, the Foreign Access Regime and the Bond Connect. Investments in Mainland China debt securities may include urban investment bonds, which are debt instrument issued by local government financial vehicles in the Mainland China exchange-traded bond markets and the inter-bank bond market. The

	Sub-Fund may invest no more than 20% of its Net Asset Value in urban investment bonds. For the avoidance of doubt, the Sub-Fund will invest in aggregate no more than 20% of its Net Asset Value in Mainland China domestic debt securities.
Investment and Borrowing Restrictions	The Sub-Fund is subject to the investment and borrowing restrictions applicable as set out in Schedule 1 to the Explanatory Memorandum.
Use of Derivatives	The Sub-Fund's net derivative exposure may be up to 50% of its Net Asset Value. The Sub-Fund will use financial derivative instruments or similar OTC transactions (including interest rate swaps and currency swaps) for hedging purposes only.
Securities Financing Transactions	The Manager may, on behalf of the Sub-Fund, enter into sale and repurchase transactions and reverse repurchase transactions for up to 50% of the Net Asset Value of the Sub-Fund with a view to creating additional income. The Manager currently does not intend to enter into any securities lending transactions in respect of the Sub-Fund.
QFI regime	Under current regulations in the PRC, foreign investors can invest in the Mainland China securities market via various ways, including through certain foreign institutional investors that have obtained status as a QFI from the CSRC for the purpose of investing in the PRC's domestic securities markets, or via Bond Connect. In accordance with the Measures for the Administration of Domestic Securities and Futures Investment by Qualified Foreign Institutional Investors and RMB Qualified Foreign Institutional Investors (in Chinese《合格境外機構投資者和人民幣合格境外機構投資者境內證券期貨投資管理辦法》and its implementing rules and the Regulations on Capital Management of Domestic Securities and Futures Investments by Foreign Institutional Investors (in Chinese《境外機構投資者境內證券期貨投資資金管理規定》) (collectively, the "QFI Rules"), the Manager is able to select whether to use foreign convertible currencies or RMB to make investment under the QFI regime. The Manager has obtained QFI status pursuant to the QFI Rules.
Investment in the CIBM via Foreign Access Regime	Pursuant to the "Announcement (2016) No 3" issued by the PBOC (中國人民銀行公告 [2016] 第 3 號) on 24 February 2016, offshore institutional investors can invest in the China interbank bond market via a foreign access regime (「Foreign Access Regime」) subject to other rules and regulations as promulgated by the Mainland Chinese authorities, i.e., PBOC and the SAFE. Such rules and regulations may be amended from time to time and include (but are not limited to): • the "Implementation Rules for Filing by Foreign Institutional Investors for Investment in Interbank Bond Markets" (境外機構投

資者投資銀行間債券市場備案管理實施細則) issued by the Shanghai Head Office of PBOC on 27 May 2016;

- the "Administrative Provisions on Funds Invested by Foreign Institutional Investors in China's Bond Market" (境外機構投資者投資中國債券市場資金管理規定) issued by POBC and SAFE on 10 November 2022; and
- any other applicable regulations promulgated by the relevant authorities.

Under the prevailing regulations in Mainland China, offshore institutional investors who wish to invest directly in the China interbank bond market may do so via an onshore settlement agent, who will be responsible for making the relevant filings and account opening with the relevant authorities. There is no quota limitation.

In terms of fund remittance, foreign investors (such as the Sub-Fund) may remit investment principal in RMB or foreign currency into China for investing in the China Interbank bond market.

Investment in the China Interbank Bond Market via Northbound Trading Link under Bond Connect

Bond Connect is an initiative launched in July 2017 for mutual bond market access between Hong Kong and mainland China ("Bond Connect") established by China Foreign Exchange Trade System & National Interbank Funding Centre ("CFETS"), China Central Depository & Clearing Co., Ltd, Shanghai Clearing House, and Hong Kong Exchanges and Clearing Limited and Central Moneymarkets Unit.

Bond Connect is governed by rules and regulations as promulgated by the Mainland Chinese authorities. Such rules and regulations may be amended from time to time and include (but are not limited to): the "Interim Measures for the Administration of Mutual Bond Market Access between Mainland China and Hong Kong (Decree No.1 [2017])" (內地與香港債券市場互聯互通合作管理暫行辦法(中國人民銀行令[2017]第 1 號)) issued by the PBOC on 21 June 2017 and any other applicable regulations promulgated by the relevant authorities.

Under the prevailing regulations in China, eligible offshore investors will be allowed to invest in the bonds circulated in the China interbank bond market ("CIBM") through the northbound trading of Bond Connect ("Northbound Trading Link"). There will be no investment quota for Northbound Trading Link.
Under the Northbound Trading Link, eligible offshore investors are required to appoint the CFETS or other institutions recognised by the PBOC as registration agents to apply for registration with the PBOC.

Pursuant to the prevailing regulations in China, an offshore custody agent recognised by the Hong Kong Monetary Authority (currently, the Central Moneymarkets Unit) shall open omnibus nominee accounts with the onshore custody agent recognised by the PBOC (currently, the CSDCC and Interbank Clearing Company Limited). All bonds traded by eligible offshore investors will be registered in the name of Central Moneymarkets Unit, which will hold such bonds as a nominee owner.

MANAGEMENT AND ADMINISTRATION OF THE SUB-FUND

In addition to the parties as set out in the "Management and Administration of the Sub-Fund" section in the Explanatory Memorandum, investors should note the following appointment of investment advisor to the Manager in respect of the investments of the Sub-Fund.

Investment Advisor

abrdn Hong Kong Limited ("**Investment Advisor**") has been appointed as the investment advisor to the Manager in respect of the investments of the Sub-Fund. The Investment Advisor will provide non-binding advice to the Manager on the Sub-Fund's investments and asset allocation to the extent that these relate to the specific markets outside China being advised by the Investment Advisor, for the Manager's consideration. For the avoidance of doubt, the Investment Advisor's role is strictly restricted to provision of advice and the ultimate decision to invest or disinvest any sums (including from the Sub-Fund) shall be the responsibility, and at the sole discretion, of the Manager. The day-to-day investment management activities of the Sub-Fund have not been delegated to the Investment Advisor and the Manager has sole overall responsibility for ensuring that the investment objectives, strategies, guidelines, and restrictions of the Sub-Fund are observed and complied with in all aspects. The Manager shall at all times maintain exclusive discretionary authority over any decision to acquire or dispose of assets and/or investments of the Sub-Fund.

The Investment Advisor is a limited liability company incorporated in Hong Kong and licensed by the SFC (CE No. AAE950) 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. The address of the Investment Advisor is 30th Floor LHT Tower, 31 Queen's Road Central, Hong Kong.

SPECIFIC RISK FACTORS

In addition to the relevant risks mentioned in the "*Risk Factors*" section in the Explanatory Memorandum (including "Risk of not achieving investment objective", "General investment risk", "Market risk", "Risks relating to debt securities", "Risks of investing convertible bonds", "Risks of investing in other funds", "Borrowing risks", "Mainland China market risk", "Emerging markets risk", "Sovereign debt risks", "Concentration risk", "Currency and foreign exchange risk", "Derivative and structured product risk", "Hedging risk", "Risks associated with securities financing transactions", "Risks associated with collateralised and/or securitised products (such as asset backed securities, mortgage backed securities and asset backed commercial papers)" and "Distributions risk"), investors should also take note of the following risks associated with investment in the Sub-Fund.

"Dim Sum" bonds risk

The offshore RMB ("CNH") bond market, also known as "Dim Sum" bond market, is still a relatively small market which is more susceptible to volatility and illiquidity. The operation of the "Dim Sum" bond market as well as new issuances could be disrupted causing a fall in the Net Asset Value of the Sub-Fund should there be any promulgation of new rules which limit or restrict the ability of issuers to raise RMB by way of bond

issuances and/or reversal or suspension of the liberalisation of the CNH markets by the relevant regulators.

Convertible bonds risk

Convertibles are a hybrid between debt and equity, permitting holders to convert into shares or stocks in the company issuing the bond at a specified future date. While convertible bonds generally offer lower interest or dividend yields than non-convertible debt securities of similar quality, the price of a convertible bond will normally vary with changes in the price of the underlying stock. Investments in convertible bonds are subject to the same interest rate risk, credit risk, liquidity risk and prepayment risk associated with comparable straight bond investments. Prior to conversion, convertible bonds have the same general characteristics as non-convertible debt securities and the market value of convertible bonds tends to decline as interest rates increase and increase as interest rates decline. Investors should be prepared for exposure to equity movement and greater volatility than straight bond investments, with an increased risk of capital loss.

The values of convertible bonds may also be affected by changes in the credit rating, liquidity or financial condition of the issuer. The Sub-Fund may also be exposed to the credit and insolvency risks of the issuers of the bonds. Further, convertible bonds may have call provisions and other features which may give rise to the risk of a call and that the value and performance of the Sub-Fund may also be adversely affected as a result.

Risks associated with investments in debt instruments with loss-absorption features (LAP)

Debt instruments with loss-absorption features are subject to greater risks when compared to traditional debt instruments as such instruments are typically subject to the risk of being written down or converted to ordinary shares upon the occurrence of a pre-defined trigger events (e.g. when the issuer is near or at the point of non-viability or when the issuer's capital ratio falls to a specified level), which are likely to be outside of the issuer's control. Such trigger events are complex and difficult to predict and may result in a significant or total reduction in the value of such instruments.

In the event of the activation of a trigger, there may be potential price contagion and volatility to the entire asset class. Debt instruments with loss-absorption features may also be exposed to liquidity, valuation and sector concentration risk.

Risks associated with instruments with contingent convertible bonds ("CoCos")

Up to 30% of the Net Asset Value may be invested in CoCos. CoCos are hybrid capital securities that absorb losses when the capital of the issuer falls below a certain level. Upon the occurrence of a predetermined event (known as a trigger event), CoCos will be converted into shares of the issuing company (potentially at a discounted price as a result of the deterioration in the financial condition of the issuing company), or cause the permanent write-down to zero of the principal investment and/or accrued interest such that the principal amount invested may be lost on a permanent or temporary basis. They are risky and highly complex investment instruments. Coupon payments on CoCos are discretionary and may at times also be ceased or deferred by the issuer. Trigger events can vary but these could include the capital ratio of the issuing company falling

below a certain level, or the share price of the issuer falling to a particular level for a certain period of time.

Trigger level risk

Trigger levels differ and determine exposure to conversion risk. It might be difficult for the Manager to anticipate the triggering events that would require the conversion into equity or the write down to zero of principal investment and/or accrued interest. Trigger events may include: (i) a reduction in the issuing bank's Core Tier 1/Common Equity Tier 1 (CT1/CET1) ratio or other ratios, (ii) a regulatory authority, at any time, making a subjective determination that an institution is "non-viable", i.e. a determination that the issuing bank requires public sector support in order to prevent the issuer from becoming insolvent, bankrupt or otherwise carry on its business and requiring or causing the conversion of the contingent convertible bonds into equity or write down, in circumstances that are beyond the control of the issuer or (iii) a national authority deciding to inject capital.

Coupon cancellation

Coupon payments on some CoCos are entirely discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time. The discretionary cancellation of payments is not an event of default and there are no possibilities to require re-instatement of coupon payments or payment of any passed missed payments. Coupon payments may also be subject to approval by the issuer's regulator and may be suspended in the event there are insufficient distributable reserves. As a result of uncertainty surrounding coupon payments, these instruments may be volatile and their price may decline rapidly in the event that coupon payments are suspended.

Capital structure inversion risk

Contrary to the classic capital hierarchy, investors in CoCos may suffer a loss of capital when equity holders do not (for example, when the loss absorption mechanism of CoCos is activated). This is contrary to the normal order of the capital structure where equity holders are expected to suffer the first loss.

Call extension risk

Some CoCos are issued as perpetual instruments and only callable at pre-determined levels upon approval of the competent regulatory authority. It cannot be assumed that these perpetual convertible securities will be called on a call date. Such convertible securities are a form of permanent capital. The Sub-Fund may not receive return of principal as expected on call date or indeed at any date.

Conversion risk

Trigger levels differ between specific instruments, which determine exposure to conversion risk. It might be difficult at times for the Manager to assess how the instruments will behave upon conversion. These instruments may be converted into shares potentially at a discounted price, or the principal amount invested may be lost. In case of conversion into equity, the Manager might be forced to sell these new equity shares. Given the trigger event is likely to be some event depressing the value of the issuer's common equity, this forced sale may result in the Sub-Fund experiencing loss of all investments in CoCos.

Write-down/write-off risk

In some cases, the issuer of CoCos may cause the convertible security to be written-down or written-off in value based on the specific terms of the individual security if a pre-specified trigger event occurs. Therefore, upon the occurrence of a trigger event, the Sub-Fund may lose its entire investment or may be required to accept cash or securities with a value less than its original investment.

Valuation risk

Instruments subject to compulsory conversion with non-viability / loss absorption convertible features often offer attractive yield which may be viewed as a complexity premium. The value of such instruments may need to be reduced due to a higher risk of overvaluation of such asset class on the relevant eligible markets.

Market value fluctuations due to unpredictable factors

The value of CoCos is unpredictable and will be influenced by many factors including, without limitation (i) creditworthiness of the issuer and/or fluctuations in such issuer's applicable capital ratios; (ii) supply and demand for the instruments; (iii) general market conditions and available liquidity and (iv) economic, financial and political events that affect the issuer, its particular market or the financial markets in general.

Liquidity risk

In certain circumstances finding a buyer ready to invest in CoCos may be difficult and the Sub-Fund may have to accept a significant discount to the expected value of the bond in order to sell it.

Sector concentration risk

CoCos are issued by banking and insurance institutions. Investment in CoCos may lead to an increased sector concentration risk. The performance of the Sub-Fund will depend to a greater extent on the overall condition of the financial services industry than for the Sub-Fund following a more diversified strategy.

Subordinated instruments

CoCos may be issued in the form of subordinated debt instruments in order to provide the appropriate regulatory capital treatment prior to a conversion. Accordingly, in the event of liquidation, dissolution or winding-up of an issuer prior to a conversion having occurred, the rights and claims of the holders of such instruments, such as the Sub-Fund, against the issuer in respect of or arising under the terms of the instruments shall generally rank junior to the claims of all holders of unsubordinated obligations of the issuer.

Novelty and untested nature

The structure of CoCos is innovative yet untested. In a stressed environment, when the underlying features of these instruments will be put to the test, it is uncertain how they will perform.

Risks associated with senior non-preferred debts

The Sub-Fund may invest in senior non-preferred debts. While these instruments are generally senior to subordinated debts, they may be subject to write-down upon the occurrence of a trigger event and will no longer fall under the creditor ranking hierarchy of the issuer. This may result in total loss of principal invested.

Risks associated with perpetual bonds

There are risks associated with perpetual bonds. The Sub-Fund is subject to perpetual credit risk and counterparty risk exposure. As time progresses, issuers of such perpetual bonds can encounter financial difficulties, and may even shut down. Perpetual bonds may also be subject to call risk as the issuers can recall them. Perpetual bonds are subject to interest risk as the perpetual bond may be locked in interest which is significantly lower than the prevailing interest rate. Under such circumstances, the Sub-Fund could earn more money by holding a different bond than the perpetual bond. However, unlike for other bonds that have a maturity date when the issuer returns the principal, for perpetual bonds, to swap out an old perpetual bond for a newer, higher interest bond, the Sub-Fund must sell the existing bond on the secondary market, at which time it may be worth less than the purchase price as the Sub-Fund may need to discount the offer price based on the interest rate difference. As selling in the secondary market is the only option available, perpetual bonds may therefore be subject to liquidity risk and the bid-ask spread will be high.

Risks associated with QFI

QFI systems risk

The current regulations applicable to QFI include rules on investment restrictions applicable to the Sub-Fund. Transaction sizes for QFIs are relatively large (with the corresponding heightened risk of exposure to decreased market liquidity and significant price volatility leading to possible adverse effects on the timing and pricing of acquisition or disposal of securities).

Mainland China securities acquired by a QFI for the account of the Sub-Fund are registered in the joint names of the Manager (as the QFI holder) and the Sub-Fund in accordance with the relevant rules and regulations, and maintained in electronic form via a securities account with the China Central Depository & Clearing Co., Ltd. ("CCDCC") or China Securities

Depository and Clearing Co., Ltd ("CSDCC"). The account is required to bear the name of the Manager as this is the name under which the QFI is approved by the relevant regulator. The QFI selects a Mainland China broker (the "Mainland China Broker") to act on its behalf in each of the two securities markets in Mainland China as well as the QFI custodian (the "QFI Custodian") to maintain its assets in custody.

In the event of any default of either the relevant Mainland China Broker or the QFI Custodian in the execution or settlement of any transaction or in the transfer of any funds or securities in Mainland China, the Sub-Fund may encounter delays in recovering its assets which may in turn adversely impact the Net Asset Value of the Sub-Fund.

The regulations which regulate investments by QFIs in Mainland China are relatively new. The application and interpretation of such investment regulations are therefore relatively untested and there is no certainty as to how they will be applied as the Mainland China authorities and regulators have been given wide discretion in such investment regulations and there is no precedent or certainty as to how such discretion may be exercised now or in the future.

QFI Custodian and Mainland China Brokers risk

Mainland China assets acquired by the Sub-Fund through the Manager's QFI status will be maintained by the QFI Custodian in electronic form via securities account(s) with the CCDCC or CSDCC or relevant depositories and special deposit account(s) with the QFI Custodian.

The QFI also selects one or more Mainland China Brokers to execute transactions for the Sub-Fund in the Mainland China markets. The Sub-Fund may incur losses due to the acts or omissions or insolvency of the Mainland China Brokers or the QFI Custodian in the execution or settlement of any transaction or in the transfer of any funds or securities. Subject to the applicable laws and regulations in Mainland China, the Manager will make arrangements to ensure that the Mainland China Brokers and QFI Custodian have appropriate procedures to properly safe-keep the Sub-Fund's assets.

Investors should note that cash deposited in the special deposit account(s) of the Sub-Fund with the QFI Custodian will not be segregated but will be a debt owing from the QFI Custodian to the Sub-Fund as a depositor. Such cash will be co-mingled with cash belonging to other clients of the QFI Custodian. In the event of bankruptcy or liquidation of the QFI Custodian, the Sub-Fund will not have any proprietary rights to the cash deposited in such special deposit account, and the Sub-Fund will become an unsecured creditor, ranking pari passu with all other unsecured creditors, of the QFI Custodian. The Sub-Fund may face difficulty and/or encounter delays in recovering such debt, or may not be able to recover it in full or at all, in which case the Sub-Fund will suffer losses.

Repatriation risk

Repatriations by QFIs in respect of a fund such as the Sub-Fund conducted in RMB are permitted daily and are not subject to any lock-up periods or prior approval. There is no assurance, however, that Mainland China rules and regulations will not change or that repatriation restrictions will not be imposed in the future. Any new restrictions on repatriation of the invested capital and net profits may impact on the Sub-Fund's ability to meet redemption requests.

Risks associated with CIBM

Market volatility and potential lack of liquidity due to low trading volume of certain debt securities in the Mainland China inter-bank bond market may result in prices of certain debt securities traded on such market fluctuating significantly. The Sub-Fund is therefore subject to liquidity and volatility risks. The bid and offer spreads of the prices of such securities may be large, and the Sub-Fund may therefore incur significant trading and realisation costs and may even suffer losses when selling such investments.

The Sub-Fund is also exposed to risks associated with settlement procedures and default of counterparties. The counterparty which has entered into a transaction with the Sub-Fund may default in its obligation to settle the transaction by delivery of the relevant security or by payment for value.

For investments via Bond Connect, the relevant filings, registration with the PBOC and account opening have to be carried out via an onshore settlement agent, offshore custody agent, registration agent or other third parties (as the case may be). As such, the Sub-Fund is subject to the risks of default or errors on the part of such third parties.

Investing in the Mainland China inter-bank bond market via the Bond Connect is also subject to regulatory risks. The relevant rules and regulations on these regimes are subject to change which may have potential retrospective effect. In the event that the relevant Mainland Chinese authorities suspend account opening or trading on the Mainland China inter-bank bond market, the Sub-Fund's ability to invest in the Mainland China inter-bank bond market will be adversely affected. In such event, the Sub-Fund's ability to achieve its investment objective will be negatively affected.

Risks associated with Bond Connect

The relevant rules and regulations on Bond Connect are subject to change which may have potential retrospective effect. Where a suspension in the trading through Bond Connect is effected, the Sub-Fund's ability to access the Mainland China market through the programme will be adversely affected.

Liquidity risk

The Sub-Fund may invest in securities where the volume of transactions may fluctuate significantly depending on market sentiment. There is a risk that investments made by the Sub-Fund may become less liquid in response to market developments or adverse investor perceptions. In extreme market situations, there may be no willing buyer and the investments cannot be readily sold at the desired time or price, and the Sub-Fund may have to accept a lower price to sell the investments or may not be able to sell the investments at all. An inability to sell a portfolio

position can adversely affect the 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 the 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, the Sub-Fund may be forced to sell investments, at an unfavourable time and/or conditions.

RMB Class(es) related risk

RMB is currently not freely convertible and is subject to exchange controls and restrictions.

Although offshore RMB (CNH) and onshore RMB (CNY) are the same currency, they trade at different rates. The CNH rate may be at a premium or discount to the exchange rate for CNY and there may be significant bid and offer spreads. When calculating the value of the RMB denominated Class(es), CNH will be used. The value of the RMB denominated Class(es) thus calculated will be subject to fluctuation. Any divergence between CNH and CNY may adversely impact investors.

Non-RMB based (for example Hong Kong) investors are exposed to foreign exchange risk and may have to convert HKD or other currencies into RMB when investing in the RMB denominated Class(es). Subsequently, investors may also have to convert the RMB redemption proceeds (received when selling the Units) and RMB distributions received (if any) back to HKD or other currencies. During these processes, investors will incur currency conversion costs and may suffer losses in the event that RMB depreciates against HKD or such other currencies upon receipt of the RMB redemption proceeds and/or RMB distributions (if any). There is no guarantee that the value of RMB against the investors' base currencies (for example HKD) will not depreciate. Any depreciation of RMB could adversely affect the value of investor's investment in the RMB denominated Classes of Units.

For RMB denominated Class(es), since the Unit prices are denominated in RMB, but the Sub-Fund will not be invested in RMB-denominated underlying investments and its Base Currency is USD, so even if the prices of the non-RMB denominated underlying investments and/or value of the Base Currency rise or remain stable, investors may still incur losses if RMB appreciates against the currencies of the non-RMB denominated underlying investments and/or the Base Currency more than the increase in the value of the non-RMB denominated underlying investments and/or the Base Currency.

Furthermore, under the scenario where RMB appreciates against the currencies of the non-RMB denominated underlying investments and/or the Base Currency of the Sub-Fund (i.e. USD), and the value of the non-RMB denominated underlying investments decrease, the value of investors' investments in RMB denominated Class(es) may suffer additional losses.

Under exceptional circumstances, payment of redemptions and/or dividend payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.

Hedged RMB denominated Classes risk

For hedged RMB denominated Classes, investors have to bear the associated hedging costs which may be significant depending on prevailing market conditions. If the counterparties of the instruments used for hedging purpose default, investors of the hedged RMB denominated Classes may be exposed to RMB currency exchange risk on an unhedged basis and in which case investors may be subject to the risks of investing in RMB denominated Classes on an unhedged basis as outlined in the paragraph above. Also there is no guarantee that the hedging strategy will fully and effectively eliminate the currency exposure.

Hedged RMB denominated Classes will hedge the Sub-Fund's Base Currency back to RMB, on a best effort basis, with an objective to align the performance of the hedged RMB denominated Classes to that of the equivalent Class denominated in the Sub-Fund's Base Currency. This strategy may preclude the hedged RMB denominated Classes from benefiting from any potential gain resulting from the appreciation of the Base Currency against RMB. Please refer to the risk factor headed "Hedging risk" in the Explanatory Memorandum.

Distribution out of capital or effectively out of capital

For distribution Classe(es), the Manager may, at its discretion, pay dividends out of the capital of the Sub-Fund. The Manager may also, at its discretion, pay dividend out of gross income while all or part of the fees and expenses of the Sub-Fund are charged to/paid out of the capital of the Sub-Fund, resulting in an increase in distributable income for the payment of dividends by the Sub-Fund and therefore, the Sub-Fund may effectively pay dividend out of capital. Payment of dividends out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of or effectively out of the Sub-Fund's capital may result in an immediate reduction of the Net Asset Value per unit.

The distribution amount and Net Asset Value of a hedged unit class may be adversely affected by differences in the interest rates of the class currency of the relevant hedged unit class and the Sub-Fund's base currency, resulting in an increase in the amount of distribution that is paid out of capital and hence a greater erosion of capital than other non-hedged unit classes.

INVESTING IN THE FUND AND REDEMPTION OF UNITS

Classes of Units

The Sub-Fund currently offers the following Classes of Units:

Classes	Class Currency
Class A (accumulation) (USD)	USD
Class A (distribution) (USD)	USD
Class A (accumulation) (HKD)	HKD
Class A (distribution) (HKD)	HKD
Class A (accumulation) (RMB)	RMB

Class A (distribution) (RMB)	RMB
Class A (accumulation) (RMB) hedged	RMB
Class A (distribution) (RMB) hedged	RMB
Class B (accumulation) (USD)	USD
Class B (distribution) (USD)	USD
Class B (accumulation) (HKD)	HKD
Class B (distribution) (HKD)	HKD
Class B (accumulation) (HKD) hedged	HKD
Class B (distribution) (HKD) hedged	HKD
Class B (accumulation) (RMB)	RMB
Class B (distribution) (RMB)	RMB
Class B (accumulation) (RMB) hedged	RMB
Class B (distribution) (RMB) hedged	RMB
Class I (accumulation) (USD)	USD
Class I (distribution) (USD)	USD
Class I (accumulation) (HKD)	HKD
Class I (distribution) (HKD)	HKD
Class I (accumulation) (RMB)	RMB
Class I (distribution) (RMB)	RMB
Class I (accumulation) (RMB) hedged	RMB
Class I (distribution) (RMB) hedged	RMB
Class S (accumulation) (USD)	USD
Class S (accumulation) (HKD)	HKD
Class S (accumulation) (RMB) hedged	RMB
Class E (accumulation) (USD)	USD
Class E (distribution) (USD)	USD
Class E (accumulation) (HKD)	HKD
Class E (distribution) (HKD)	HKD
Class E (accumulation) (RMB) hedged	RMB
Class E (distribution) (RMB) hedged	RMB

The Manager will determine a person's eligibility to subscribe for any Classes of Units and will have the absolute discretion to decline any subscription application for any Class of Units as it sees fit.

Class	**Class A (USD) Units**	**Class A (HKD) Units**	**Class A (RMB) Units**
Initial Offer Price	USD 100 per Unit	HKD 100 per Unit	RMB 100 per Unit
Minimum Initial Subscription Amount	USD 100	HKD 1,000	RMB 1
Minimum Subsequent Subscription Amount	USD 10	HKD 100	RMB 1
Minimum Redemption Amount	USD 10	HKD 100	RMB 1
Minimum Holding Amount	USD 100	HKD 1,000	RMB 1
Class	**Class B (USD) Units**	**Class B (HKD) Units**	**Class B (RMB) Units**

Initial Offer Price	USD 100 per Unit	HKD 100 per Unit	RMB 100 per Unit
Minimum Initial Subscription Amount	USD 1	HKD 1	RMB 1
Minimum Subsequent Subscription Amount	USD 1	HKD 1	RMB 1
Minimum Redemption Amount	USD 1	HKD 1	RMB 1
Minimum Holding Amount	USD 1	HKD 1	RMB 1
Class	**Class I (USD) Units**	**Class I (HKD) Units**	**Class I (RMB) Units**
Initial Offer Price	USD 100 per Unit	HKD 100 per Unit	RMB 100 per Unit
Minimum Initial Subscription Amount	USD 100,000	HKD 800,000	RMB 800,000
Minimum Subsequent Subscription Amount	USD 1,000	HKD 8,000	RMB 8,000
Minimum Redemption Amount	USD 1,000	HKD 8,000	RMB 8,000
Minimum Holding Amount	USD 100,000	HKD 800,000	RMB 800,000
Class	**Class S (USD) Units**	**Class S (HKD) Units**	**Class S (RMB) Units**
Initial Offer Price	USD 100 per Unit	HKD 100 per Unit	RMB 100 per Unit
Minimum Initial Subscription Amount	USD 1,000	HKD 10,000	RMB 1,000
Minimum Subsequent Subscription Amount	USD 10	HKD 1,000	RMB 10
Minimum Redemption Amount	USD 10	HKD 1,000	RMB 10
Minimum Holding Amount	USD 1,000	HKD 10,000	RMB 1,000
Class	**Class E (USD) Units**	**Class E (HKD) Units**	**Class E (RMB) Units**
Initial Offer Price	USD 100 per Unit	HKD 100 per Unit	RMB 100 per Unit
Minimum Initial Subscription Amount	USD 1	HKD 1	RMB 1

Minimum Subsequent Subscription Amount	USD 1	HKD 1	RMB 1
Minimum Redemption Amount	USD 1	HKD 1	RMB 1
Minimum Holding Amount	USD 1	HKD 1	RMB 1

CONVERSION

Unitholders shall be entitled to convert all or part of their Units of a Class of the Sub-Fund into Units of another Class in the Sub-Fund or into Units of another Sub-Fund available for subscription or conversion. Units of a Class can only be converted into Units of the same Class of another Sub-Fund, except that subject to the Manager's approval, Unit of a Class of the Sub-Fund may be converted into units of different class of another sub-fund.

DISTRIBUTION POLICY

Distribution Class(es)

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 monthly for distribution classes of units. Distributions will be paid in the class currency of the respective distribution classes of units.

Dividends may be paid out of capital, or out of gross income and all or part of the fees and expenses may be charged to capital at the Manager's discretion, resulting in an increase in distributable income for the payment of dividends and therefore, dividends may be paid effectively out of capital. This may result in an immediate reduction of Net Asset Value per unit.

Accumulation Class(es)

For the Accumulation Class(es), no distribution will be made to Unitholders.

FEES AND EXPENSES

Fees payable by investors:

Class	**Class A (USD) Units, Class A (HKD) Units and Class A (RMB) Units**	
	Current	**Maximum**
Subscription Charge (% of Initial Offer Price or Issue Price)	Up to 1%	1%
Redemption Charge	Nil	Nil
Switching Fee (% of Issue Price per unit of	Up to 1 %	Up to 1%

the New Class)

Class	**Class B (USD) Units, Class B (HKD) Units and Class B (RMB) Units**	
	Current	**Maximum**
Subscription Charge (% of Initial Offer Price or Issue Price)	Up to 1%	1%
Redemption Charge	Nil	Nil
Switching Fee (% of Issue Price per unit of the New Class)	Up to 1 %	Up to 1%

Class	**Class I (USD) Units, Class I (HKD) Units and Class I (RMB) Units**	
	Current	**Maximum**
Subscription Charge (% of Initial Offer Price or Issue Price)	Up to 1%	1%
Redemption Charge	Nil	Nil
Switching Fee (% of Issue Price per unit of the New Class)	Up to 1 %	Up to 1%

Class	**Class S (USD) Units, Class S (HKD) Units and Class S (RMB) Units**	
	Current	**Maximum**
Subscription Charge (% of Initial Offer Price or Issue Price)	Up to 1%	1%
Redemption Charge	Nil	Nil
Switching Fee (% of Issue Price per unit of the New Class)	Up to 1 %	Up to 1%

Class	**Class E (USD) Units, Class E (HKD) Units and Class E (RMB) Units**	
	Current	**Maximum**

Subscription Charge (% of Initial Offer Price or Issue Price)	Up to 1%	1%
Redemption Charge	Nil	Nil
Switching Fee (% of Issue Price per unit of the New Class)	Up to 1 %	Up to 1%

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

	Current	**Maximum**
Management Fee (% Net Asset Value of the relevant Class per annum)	**Class A (USD) Units, Class A (HKD) Units and Class A (RMB) Units**: 0.75% **Class B (USD) Units, Class B (HKD) Units and Class B (RMB) Units**: 1.00% **Class I (USD) Units, Class I (HKD) Units and Class I (RMB) Units**: 0.50% **Class S (USD) Units, Class S (HKD) Units and Class S (RMB) Units**: 0.15% **Class E (USD) Units, Class E (HKD) Units and Class E (RMB) Units**: Nil	3%

Investment Advisor's Fee	The Investment Advisor's fee is included in the Management Fee, payable directly out of the assets of the Sub-Fund.
Performance Fee	No performance fee will be charged in respect of the Sub-Fund.

Trustee Fee (% Net Asset Value of the Sub-Fund per annum)	0.08%	0.20%

Establishment Costs	The establishment costs of the Fund and the Sub-Fund are approximately HKD 300,000 and will be borne by the Sub-Fund. The establishment costs will be amortised over the Amortisation Period.
General Expenses	Please refer to the section headed "***General Expenses***" for further details.

GENERAL INFORMATION

Financial Reports	The first Accounting Date of the Sub-Fund would be 31 December 2026 and the first Semi-Annual Accounting Date of the Sub-Fund would be 30 June 2026.

APPENDIX 3 – CCBI RMB MONEY MARKET FUND

*This Appendix (which forms part of, and should be read together with the rest of, the Explanatory Memorandum) relates to the CCBI RMB Money Market Fund ("**Sub-Fund**"), a sub-fund of the Fund.*

PRINCIPAL TERMS

DEFINITIONS

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

"**Amortisation Period**"	the first 5 Accounting Periods from the date of launch of the Sub-Fund or such other period as the Manager after consultation with the Auditors shall determine
"**Base Currency**"	Renminbi (RMB)
"**Class**"	Class A (RMB) Class C (RMB) Class N (RMB) Class I (RMB) Class S (RMB)
"**Class Currency**"	the currency of denomination of each Class
"**Initial Offer Period**"	the period commencing 9:00 a.m. (Hong Kong time) on 31 March 2026 to 12:00 p.m. (Hong Kong time) on 31 March 2026 (or such other dates as the Manager may determine)
"**Payment Period**"	no later than 12:00 p.m. on the relevant Subscription Day on which the relevant Units are issued
"**Redemption Day**"	each Business Day or such other day or days as the Manager and the Trustee may from time to time determine, either generally or in respect of a particular Class or Classes of Units, for effecting any requests for redemption of Units in the Sub-Fund or the relevant Class or Classes in the Sub-Fund
"**Redemption Deadline**"	12:00 p.m. (Hong Kong time) on the relevant Redemption Day by which a redemption request in respect of the Sub-Fund or a Class of Units must be received or such other time or on such other Business Day or day as the Manager and the Trustee may from time to time determine generally or in relation to any particular jurisdiction in which Units of the Sub-Fund or the relevant Class may from time to time be sold
"**Sub-Fund**"	CCBI RMB Money Market Fund
"**Subscription Day**"	each Business Day or such other day or days as the Manager and the Trustee may from time to time determine, either generally or in respect of a particular Class or Classes of Units, for effecting any requests for

subscription of Units in the Sub-Fund or the relevant Class or Classes in the Sub-Fund

"**Subscription Deadline**"	12:00 p.m. (Hong Kong time) on the relevant Subscription Day by which an application for subscription in respect of the Sub-Fund or a Class of Units must be received or such other time or on such other Business Day or day as the Manager and the Trustee may from time to time determine generally or in relation to any particular jurisdiction in which Units of the Sub-Fund or the relevant Class may from time to time be sold
"**Valuation Day**"	each Business Day on which the Net Asset Value of the Sub-Fund and/or the Net Asset Value of a Unit or a Class of Unit of the Sub-Fund falls to be calculated and in relation to each Subscription Day or Redemption Day (as the case may be) of any Class or Classes of Units means either such Subscription Day or Redemption Day (as the case may be) or such other Business Day or day as the Manager and the Trustee may from time to time determine, either generally or in relation to a particular Class of Units

INVESTMENT CONSIDERATIONS

Investment Objective

The Sub-Fund's sole objective is to invest in short-term deposits and high quality money market investments. The Sub-Fund seeks to achieve a return in RMB in line with prevailing money market rates. There can be no assurance that the Sub-Fund will achieve its investment objective.

Investment Policies

Indicative asset allocation

The indicative asset allocation of the Sub-Fund is as follows:

70% - 100% of the Net Asset Value of the Sub-Fund	RMB-denominated and settled short-term deposits and high quality money market instruments
0% - 30% of the Net Asset Value of the Sub-Fund	Non RMB-denominated and settled short-term deposits and high quality money market instruments

Investment portfolio

The Sub-Fund seeks to achieve its investment objective by investing primarily (i.e. not less than 70% of its Net Asset Value) in RMB-denominated and settled short-term deposits and high quality money market instruments issued by governments, quasi-governments, international organisations, financial institutions, etc.

The Sub-Fund may invest up to 30% of its Net Asset Value in non RMB-denominated deposits and high quality money market instruments. The Manager may hedge non RMB-denominated investments to RMB in order to manage any material currency risk.

High quality money market instruments include short-term and high quality debt securities (including but are not limited to government bonds, fixed and floating rate bonds), commercial papers, certificates of deposits, commercial bills, short-term bills, government bills and bank acceptances.

In assessing whether an instrument is of high quality, at a minimum, the credit quality and the liquidity profile of the instrument must be taken into account. The Manager may evaluate the liquidity of an instruments based on factors including, but not limited to, redemption timelines, external liquidity classifications, settlement periods, daily trading volumes, price volatility, and bid-ask spreads.

The Manager will consider the following in selecting short-term and high quality debt securities:

- *Credit rating*:

The Sub-Fund will only invest in debt securities that are, or in the case where the debt security itself is unrated, whose issuers or guarantors are, investment grade. "**Investment grade**" means the debt security, or the issuer or the guarantor of which, has:

- a short-term credit rating of A-3 or higher by Standard & Poor's or F3 or higher by Fitch Ratings or P-3 or higher by Moody's or onshore Mainland China bonds with a minimum credit rating of A-1 or above as rated by one of the credit rating agencies in China, or
- a long-term credit rating of BBB- or higher by Standard & Poor's or Fitch Ratings or Baa3 or higher by Moody's, or onshore Mainland China bonds with a minimum credit rating of AA+ or above as rated by one of the credit rating agencies in China.

In cases of split ratings, the highest rating will apply. While the Sub-Fund does not intend to invest in debt securities of longer term, long-term credit ratings will be considered in assessing the credit quality of the debt securities which have been rated long-term credit ratings but with short remaining term to maturity at the time of purchase by the Sub-Fund. Before investing in a debt security, the Manager will consider the credit rating of the debt security itself, then the credit rating of the issuer if the debt security is not rated. If neither the debt security nor the issuer is rated, it will be classified as unrated. The Sub-Fund will not invest in debt securities which are below investment grade or debt securities which are unrated and whose issuers or guarantors are below investment grade or unrated.

For the avoidance of doubt, the above credit rating requirements do not apply to Mainland China government bonds and policy bank bonds, but the issuers of such Mainland China government bonds and policy bank bonds (i.e., the Mainland China government, China Development Bank, Export-Import Bank of China, and Agricultural Development Bank of China) are rated investment grade (i.e., A+ by S&P and A1 by Moody's).

For investment grade debt securities, the Manager will continuously assess the credit risk of the securities based on quantitative and qualitative fundamental factors, including but not limited to the issuer's leverage, operating profit margin, return on capital, interest coverage ratio, operating cash flow, industry outlook, competitive position, and corporate governance, to ensure that the debt securities invested in by the Sub-Fund maintain good credit quality.

- *Weight average maturity and weighted average life*:

Out of investments that fulfil the criteria on credit rating, the Sub-Fund will maintain a portfolio with weighted average maturity not exceeding 60 days and a weighted average life not exceeding 120 days and will not purchase an instrument/security with a remaining maturity of more than 397 days, or two years in the case of government and other public securities.

- *Liquidity*:

Investments that satisfy the above requirements will be assessed based on liquidity. The Manager may assess the liquidity of the investments based on, amongst others, time to cash, external liquidity classification, liquidation horizon, daily trading volume, price volatility and bid-ask of spread of such instruments/securities. Only instruments with sufficient liquidity will be included in the portfolio of the Sub-Fund.

The Sub-Fund may invest not more than 15% of its Net Asset Value in short-term high quality asset backed securities such as asset-backed commercial papers that are rated investment grade. Such asset-backed securities may be issued in regions such as Mainland China, Hong Kong, Singapore, or the United States. The Sub-Fund may also invest not more than 10% of its Net Asset Value in other money market funds authorised by the SFC under Chapter 8.2 of the Code.

Geographical allocation

There is no specific geographical allocation of the country/region of issue of the high quality money market instruments or deposits except that the Sub-Fund may invest up to 100% of its Net Asset Value in the Greater China region (including Mainland China, Hong Kong, Macau, and Taiwan).

The Sub-Fund may invest less than 70% of its Net Asset Value in onshore instruments issued in Mainland China through the mutual bond market access between Hong Kong and the PRC ("Bond Connect"), the China interbank bond market ("CIBM") and/or the Manager's Qualified Foreign Investor ("QFI") status. The Sub-Fund may invest 100% of its Net Asset Value in offshore instruments issued by companies with their principal place of business or key assets located in Mainland China or which derive a substantial part of their revenue from Mainland China.

Save as aforesaid, the Sub-Fund may invest up to 30% of its Net Asset Value in instruments issued in emerging markets other than the Greater China Region or issued by companies with their principal place of business or key assets located in emerging markets or which derive a substantial part of their revenue from emerging markets.

Diversification of instruments and deposits

Subject to the above, the aggregate value of the Sub-Fund's holding of instruments and deposits issued by a single entity will not exceed 10% of the total Net Asset Value of the Sub-Fund except:

(iv) where the entity is a substantial financial institution and the total amount does not exceed 10% of the entity's share capital and non-distributable capital reserves, the limit may be increased to 25%;

(v) in the case of government and other public securities, up to 30% may be invested in the same issue; or

(vi) in respect of any deposit of less than USD1,000,000, where the Sub-Fund cannot otherwise diversify as a result of its size.

The Sub-Fund will not invest in structured deposits, structured products, or over-the-counter securities, nor will it hold any short positions. The Sub-Fund will not invest in convertible bonds, instruments with loss-absorptions features or urban investment bonds (i.e. debt instruments issued by local government financing vehicles).

The Manager currently does not intend to enter into any securities lending and reverse repurchase transactions in respect of the Sub-Fund.

Investment and Borrowing Restrictions

The Sub-Fund is subject to the investment and borrowing restrictions applicable as set out in Schedule 1 to the Explanatory Memorandum.

Use of Derivatives

The Sub-Fund's net derivative exposure may be up to 50% of its Net Asset Value. C2

The Sub-Fund will use financial derivative instruments or similar OTC transactions (including interest rate swaps and currency swaps) for hedging purposes only.

Securities Financing Transactions

The Manager may, on behalf of a Sub-Fund, enter into sale and repurchase transactions on the OTC markets for up to 10% of the Net Asset Value of the Sub-Fund but only on a temporary basis to meet redemption requests and/or defray operating expenses provided that. the amount of cash received by the Sub-Fund under sale and repurchase transactions may not in aggregate exceed 10% of its Net Asset Value.
The Manager currently does not intend to enter into any securities lending and reverse repurchase transactions in respect of the Sub-Fund.

QFI regime

Under current regulations in the PRC, foreign investors can invest in the Mainland China securities market via various ways, including through certain foreign institutional investors that have obtained status as a QFI from the CSRC for the purpose of investing in the PRC's domestic securities markets, or via Bond Connect. In accordance with the Measures for the Administration of Domestic Securities and Futures Investment by Qualified Foreign Institutional Investors and RMB Qualified Foreign Institutional Investors (in Chinese《合格境外機構投資者和人民幣合格境外機構投資者境內證券期貨投資管理辦法》and its implementing rules and the Regulations on Capital Management of Domestic Securities and Futures Investments by Foreign Institutional Investors (in Chinese《境外機構投資者境內證券期貨投資資金管理規定》) (collectively, the "QFI Rules"), the Manager is able to select whether to use foreign convertible currencies or RMB to make investment under the QFI regime.

The Manager has obtained QFI status pursuant to the QFI Rules.

Investment in the CIBM via Foreign Access Regime

Pursuant to the "Announcement (2016) No 3" issued by the PBOC (中國人民銀行公告 [2016] 第 3 號) on 24 February 2016, offshore institutional

investors can invest in the China interbank bond market via a foreign access regime ("Foreign Access Regime") subject to other rules and regulations as promulgated by the Mainland Chinese authorities, i.e., PBOC and the SAFE. Such rules and regulations may be amended from time to time and include (but are not limited to):

- the "Implementation Rules for Filing by Foreign Institutional Investors for Investment in Interbank Bond Markets" (境外機構投資者投資銀行間債券市場備案管理實施細則) issued by the Shanghai Head Office of PBOC on 27 May 2016;
- the "Administrative Provisions on Funds Invested by Foreign Institutional Investors in China's Bond Market" (境外機構投資者投資中國債券市場資金管理規定) issued by POBC and SAFE on 10 November 2022; and
- any other applicable regulations promulgated by the relevant authorities.

Under the prevailing regulations in Mainland China, offshore institutional investors who wish to invest directly in the China interbank bond market may do so via an onshore settlement agent, who will be responsible for making the relevant filings and account opening with the relevant authorities. There is no quota limitation. The onshore settlement agent may provide foreign institutional investors with services including inter-bank bond market investment filing, opening of accounts, trading and settlement of bonds, handling of matters relating to payment of interest, custody and processing of financial statements.

In terms of fund remittance, foreign investors (such as the Sub-Fund) may remit investment principal in RMB or foreign currency into China for investing in the China Interbank bond market.

Investment in the China Interbank Bond Market via Northbound Trading Link under Bond Connect

Bond Connect is an initiative launched in July 2017 for mutual bond market access between Hong Kong and mainland China ("Bond Connect") established by China Foreign Exchange Trade System & National Interbank Funding Centre ("CFETS"), China Central Depository & Clearing Co., Ltd, Shanghai Clearing House, and Hong Kong Exchanges and Clearing Limited and Central Moneymarkets Unit.

Bond Connect is governed by rules and regulations as promulgated by the Mainland Chinese authorities. Such rules and regulations may be amended from time to time and include (but are not limited to): the "Interim Measures for the Administration of Mutual Bond Market Access between Mainland China and Hong Kong (Decree No.1 [2017])" (內地與香港債券市場互聯互通合作管理暫行辦法(中國人民銀行令[2017]第 1 號)) issued by the PBOC on 21 June 2017 and any other applicable regulations promulgated by the relevant authorities.

Under the prevailing regulations in China, eligible offshore investors will be allowed to invest in the bonds circulated in CIBM through the northbound trading of Bond Connect ("Northbound Trading Link"). There will be no investment quota for Northbound Trading Link.

Under the Northbound Trading Link, eligible offshore investors are required to appoint the CFETS or other institutions recognised by the PBOC as registration agents to apply for registration with the PBOC.

Pursuant to the prevailing regulations in China, an offshore custody agent recognised by the Hong Kong Monetary Authority (currently, the Central Moneymarkets Unit) shall open omnibus nominee accounts with the onshore custody agent recognised by the PBOC (currently, the CSDCC and Interbank Clearing Company Limited). All bonds traded by eligible offshore investors will be registered in the name of Central Moneymarkets Unit, which will hold such bonds as a nominee owner.

SPECIFIC RISK FACTORS

In addition to the relevant risks mentioned in the "*Risk Factors*" section in the Explanatory Memorandum (including "Risk of not achieving investment objective", "General investment risk", "Market risk", "Risks relating to debt securities", "Risks of investing in other funds", "Borrowing risks", "Mainland China market risk", "Emerging markets risk", "Sovereign debt risks", "Concentration risk", "Currency and foreign exchange risk", "Derivative and structured product risk", "Hedging risk", "Risks associated with securities financing transactions", and "Risks associated with collateralised and/or securitised products (such as asset backed securities, mortgage backed securities and asset backed commercial papers)"), investors should also take note of the following risks associated with investment in the Sub-Fund.

Risks relating to the nature as a Money Market Fund

The purchase of a Unit in the Sub-Fund is not the same as placing funds on deposit with a bank or deposit taking company. The Sub-Fund does not guarantee principal and the Manager has no obligation to redeem the Units at the offer value. The Sub-Fund does not have a constant Net Asset Value. The Sub-Fund is not subject to the supervision of the Hong Kong Monetary Authority.

Risks associated with bank deposits

Bank deposits are subject to the credit risks of the relevant financial institutions. The Sub-Fund's deposit may not be protected by any deposit protection schemes, or the value of the protection under the deposit protection schemes may not cover the full amount deposited by the Sub-Fund. Therefore, if the relevant financial institution defaults, the Sub-Fund may suffer losses as a result.

Risks associated with QFI

QFI systems risk

The current regulations applicable to QFI include rules on investment restrictions applicable to the Sub-Fund. Transaction sizes for QFIs are relatively large (with the corresponding heightened risk of exposure to decreased market liquidity and significant price volatility leading to possible adverse effects on the timing and pricing of acquisition or disposal of securities).

Mainland China securities acquired by a QFI for the account of the Sub-Fund are registered in the joint names of the Manager (as the QFI holder) and the Sub-Fund in accordance with the relevant rules and regulations, and maintained in electronic form via a securities account with the CCDCC or China Securities Depository and Clearing Co., Ltd ("CSDCC"). The account is required to bear the name of the Manager as

this is the name under which the QFI is approved by the relevant regulator. The QFI selects a Mainland China broker (the "Mainland China Broker") to act on its behalf in each of the two securities markets in Mainland China as well as the QFI custodian (the "QFI Custodian") to maintain its assets in custody.

In the event of any default of either the relevant Mainland China Broker or the QFI Custodian in the execution or settlement of any transaction or in the transfer of any funds or securities in Mainland China, the Sub-Fund may encounter delays in recovering its assets which may in turn adversely impact the Net Asset Value of the Sub-Fund.

The regulations which regulate investments by QFIs in Mainland China are relatively new. The application and interpretation of such investment regulations are therefore relatively untested and there is no certainty as to how they will be applied as the Mainland China authorities and regulators have been given wide discretion in such investment regulations and there is no precedent or certainty as to how such discretion may be exercised now or in the future.

QFI Custodian and Mainland China Brokers risk

Mainland China assets acquired by the Sub-Fund through the Manager's QFI status will be maintained by the QFI Custodian in electronic form via securities account(s) with the CCDCC or CSDCC or relevant depositories and special deposit account(s) with the QFI Custodian.

The QFI also selects one or more Mainland China Brokers to execute transactions for the Sub-Fund in the Mainland China markets. The Sub-Fund may incur losses due to the acts or omissions or insolvency of the Mainland China Brokers or the QFI Custodian in the execution or settlement of any transaction or in the transfer of any funds or securities. Subject to the applicable laws and regulations in Mainland China, the Manager will make arrangements to ensure that the Mainland China Brokers and QFI Custodian have appropriate procedures to properly safe-keep the Sub-Fund's assets.

Investors should note that cash deposited in the special deposit account(s) of the Sub-Fund with the QFI Custodian will not be segregated but will be a debt owing from the QFI Custodian to the Sub-Fund as a depositor. Such cash will be co-mingled with cash belonging to other clients of the QFI Custodian. In the event of bankruptcy or liquidation of the QFI Custodian, the Sub-Fund will not have any proprietary rights to the cash deposited in such special deposit account, and the Sub-Fund will become an unsecured creditor, ranking pari passu with all other unsecured creditors, of the QFI Custodian. The Sub-Fund may face difficulty and/or encounter delays in recovering such debt, or may not be able to recover it in full or at all, in which case the Sub-Fund will suffer losses.

Repatriation risk

Repatriations by QFIs in respect of a fund such as the Sub-Fund conducted in RMB are permitted daily and are not subject to any lock-up periods or prior approval. There is no assurance, however, that Mainland China rules and regulations will not change or that repatriation restrictions will not be imposed in the future. Any new restrictions on repatriation of the invested capital and net profits may impact on the Sub-Fund's ability to meet redemption requests.

Risks associated with CIBM

Market volatility and potential lack of liquidity due to low trading volume of certain debt securities in the Mainland China inter-bank bond market may result in prices of certain debt securities traded on such market fluctuating significantly. The Sub-Fund is therefore subject to liquidity and volatility risks. The bid and offer spreads of the prices of such securities may be large, and the Sub-Fund may therefore incur significant trading and realisation costs and may even suffer losses when selling such investments.

The Sub-Fund is also exposed to risks associated with settlement procedures and default of counterparties. The counterparty which has entered into a transaction with the Sub-Fund may default in its obligation to settle the transaction by delivery of the relevant security or by payment for value.

For investments via Bond Connect, the relevant filings, registration with the PBOC and account opening have to be carried out via an onshore settlement agent, offshore custody agent, registration agent or other third parties (as the case may be). As such, the Sub-Fund is subject to the risks of default or errors on the part of such third parties.

Investing in the Mainland China inter-bank bond market via the Bond Connect is also subject to regulatory risks. The relevant rules and regulations on these regimes are subject to change which may have potential retrospective effect. In the event that the relevant Mainland Chinese authorities suspend account opening or trading on the Mainland China inter-bank bond market, the Sub-Fund's ability to invest in the Mainland China inter-bank bond market will be adversely affected. In such event, the Sub-Fund's ability to achieve its investment objective will be negatively affected.

Risks associated with Bond Connect

The relevant rules and regulations on Bond Connect are subject to change which may have potential retrospective effect. Where a suspension in the trading through Bond Connect is effected, the Sub-Fund's ability to access the Mainland China market through the programme will be adversely affected.

PRC tax considerations

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

Corporate Income Tax:

Interests

Interests derived from government bonds are exempt from PRC income tax under the 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 Taxation", 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 Sub-Fund's investments in the PRC (which may have retrospective effect). Any increased tax liabilities on the Sub-Fund may adversely affect the Sub-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 (i) will make relevant provision of 10% on interest from PRC debt securities if PRC withholding income tax ("WHT") is not withheld at source at the time when such income is received (where WHT is already withheld at source, no provision will be made) and (ii) will not make tax provision on the gross unrealised and realised capital gains derived from disposal of debt securities that may be subject to PRC tax. The Manager will review the tax provisions policy of the Sub-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 Net Asset Value of the Sub-Fund.

Any shortfall between the provision and the actual tax liabilities, which will be debited from the Sub-Fund's assets, will adversely affect the Sub-Fund's Net Asset Value. 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 Net Asset Value of the Sub-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 Sub-Fund invests in, thereby reducing the income from, and/or value of the Units.

Liquidity risk

The Sub-Fund may invest in securities where the volume of transactions may fluctuate significantly depending on market sentiment. There is a risk that investments made by the Sub-Fund may become less liquid in response to market developments or adverse investor perceptions. In extreme market situations, there may be no willing buyer and the investments cannot be readily sold at the desired time or price, and the Sub-Fund may have to accept a lower price to sell the investments or may not be able to sell the investments at all. An inability to sell a portfolio position can adversely affect the 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 the 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, the

Sub-Fund may be forced to sell investments, at an unfavourable time and/or conditions.

RMB currency risk and RMB Class(es) related risk

RMB is currently not freely convertible and is subject to exchange controls and restrictions.

Although offshore RMB (CNH) and onshore RMB (CNY) are the same currency, they trade at different rates. The CNH rate may be at a premium or discount to the exchange rate for CNY and there may be significant bid and offer spreads. When calculating the value of the RMB denominated Class(es), CNH will be used. The value of the RMB denominated Class(es) thus calculated will be subject to fluctuation. Any divergence between CNH and CNY may adversely impact investors.

Assets held by the Sub-Fund may be denominated in currencies that are different from the Base Currency (i.e., RMB) and the Net Asset Value of the Sub-Fund may be strongly influenced by movements in exchange rates regardless of the performance of its underlying portfolio. The Sub-Fund may be adversely affected by changes in exchange rates between the currencies in which the assets of the Sub-Fund are held and the Base Currency.

Non-RMB based investors are also exposed to foreign exchange risk and may have to convert HKD or other currencies into RMB when investing in the RMB denominated Class(es). Subsequently, investors may also have to convert the RMB redemption proceeds (received when selling the Units) and RMB distributions received (if any) back to HKD or other currencies. During these processes, investors will incur currency conversion costs and may suffer losses in the event that RMB depreciates against HKD or such other currencies upon receipt of the RMB redemption proceeds and/or RMB distributions (if any). There is no guarantee that the value of RMB against the investors' base currencies (for example HKD) will not depreciate. Any depreciation of RMB could adversely affect the value of investor's investment in the RMB denominated Classes of Units.

Furthermore, under the scenario where RMB appreciates against the currencies of the non-RMB denominated underlying investments, and the value of the non-RMB denominated underlying investments decrease, the value of investors' investments in RMB denominated Class(es) may suffer additional losses.

Under exceptional circumstances, payment of redemptions and/or dividend payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.

INVESTING IN THE FUND AND REDEMPTION OF UNITS

Classes of Units

The Sub-Fund currently offers the following Classes of Units:

Classes	Class Currency
Class A (RMB)	RMB
Class C (RMB)	RMB

Class N (RMB)	RMB
Class I (RMB)	RMB
Class S (RMB)	RMB

The Manager will determine a person's eligibility to subscribe for any Classes of Units and will have the absolute discretion to decline any subscription application for any Class of Units as it sees fit.

Class	**Class A (RMB) Units**
Initial Offer Price	RMB 100 per Unit
Minimum Initial Subscription Amount	RMB 1
Minimum Subsequent Subscription Amount	RMB 1
Minimum Redemption Amount	RMB 1
Minimum Holding Amount	RMB 1
Class	**Class C (RMB) Units**
Initial Offer Price	RMB 100 per Unit
Minimum Initial Subscription Amount	RMB 0.1
Minimum Subsequent Subscription Amount	RMB 0.1
Minimum Redemption Amount	RMB 0.1
Minimum Holding Amount	RMB 0.1
Class	**Class N (RMB) Units**

Initial Offer Price	RMB 100 per Unit
Minimum Initial Subscription Amount	RMB 0.1
Minimum Subsequent Subscription Amount	RMB 0.1
Minimum Redemption Amount	RMB 0.1
Minimum Holding Amount	RMB 0.1
Class	**Class I (RMB) Units**
Initial Offer Price	RMB 100 per Unit
Minimum Initial Subscription Amount	RMB 100,000
Minimum Subsequent Subscription Amount	RMB 1
Minimum Redemption Amount	RMB 1
Minimum Holding Amount	RMB 100,000
Class	**Class S (RMB) Units**
Initial Offer Price	RMB 100 per Unit
Minimum Initial Subscription Amount	RMB 1
Minimum Subsequent Subscription Amount	RMB 1
Minimum Redemption Amount	RMB 1
Minimum Holding Amount	RMB 1

CONVERSION

Unitholders shall be entitled to convert all or part of their Units of a Class of the Sub-Fund into Units of another Class in the Sub-Fund or into Units of another Sub-Fund available for subscription or conversion. Units of a Class can only be converted into Units of the same Class of another Sub-Fund, except that subject to the Manager's approval, Unit of a Class of the Sub-Fund may be converted into units of different class of another sub-fund.

DISTRIBUTION POLICY

No distribution will be made to Unitholders.

FEES AND EXPENSES

Fees payable by investors:

Class	**Class A (RMB) Units**	
	Current	**Maximum**
Subscription Charge (% of Initial Offer Price or Issue Price)	Up to 1%	1%
Redemption Charge	Nil	Nil
Switching Fee (% of Issue Price per unit of the New Class)	Up to 1 %	Up to 1%

Class	**Class C (RMB) Units**	
	Current	**Maximum**
Subscription Charge (% of Initial Offer Price or Issue Price)	Up to 1%	1%
Redemption Charge	Nil	Nil
Switching Fee (% of Issue Price per unit of the New Class)	Up to 1 %	Up to 1%

Class	**Class N (RMB) Units**	
	Current	**Maximum**
Subscription Charge (% of Initial Offer Price or Issue Price)	Up to 1%	1%
Redemption Charge	Nil	Nil
Switching Fee (% of Issue Price per unit of the New Class)	Up to 1 %	Up to 1%

Class	**Class I (RMB) Units**	
	Current	**Maximum**
Subscription Charge (% of Initial Offer Price or Issue Price)	Up to 1%	1%
Redemption Charge	Nil	Nil
Switching Fee (% of Issue Price per unit of the New Class)	Up to 1 %	Up to 1%

Class	**Class S (RMB) Units**	
	Current	**Maximum**
Subscription Charge (% of Initial Offer Price or Issue Price)	Up to 1%	1%
Redemption Charge	Nil	Nil
Switching Fee (% of Issue Price per unit of the New Class)	Up to 1 %	Up to 1%

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

	Current	**Maximum**
Management Fee (% Net Asset Value of the relevant Class per annum)	**Class A (RMB) Units**: 0.15% **Class C (RMB) Units**: 0.35% **Class N (RMB) Units**: 0.60% **Class I (RMB) Units**: 0.10% **Class S (RMB) Units**: Nil	3%
Performance Fee	No performance fee will be charged in respect of the Sub-Fund.	
Trustee Fee (% Net Asset Value of the Sub-Fund per annum)	0.05%	0.20%

Establishment Costs	The establishment costs of the Sub-Fund are approximately HKD 300,000 and will be borne by the Sub-Fund. The establishment costs will be amortised over the Amortisation Period.
General Expenses	Please refer to the section headed "***General Expenses***" for further details.

GENERAL INFORMATION

Financial Reports	The first Accounting Date of the Sub-Fund would be 31 December 2026 and the first Semi-Annual Accounting Date of the Sub-Fund would be 30 June 2026.