CLSA GLOBAL PUBLIC FUND SERIES

OPEN-ENDED FUND COMPANY

(an open-ended fund company with variable capital and segregated liability between sub-funds)

PROSPECTUS

October 2026

IMPORTANT INFORMATION FOR INVESTORS

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

This Prospectus comprises information relating to CLSA Global Public Fund Series Open-ended Fund Company[1] ("**Company**") and its sub-funds ("**Sub-Funds**").

The Company is a Hong Kong public open-ended fund company with variable capital and limited liability regulated under the SFO. The Company is established with an umbrella structure and the Sub-Funds of the Company have segregated liability. The Company was incorporated pursuant to an Instrument of Incorporation filed to the Companies Registry of Hong Kong on and effective as of 2 November 2022, with registration number OF103.

Important - whilst section 112S of the SFO provides for statutory segregated liability between the Sub-Funds, the concept of segregated liability is relatively new. Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known how or if those foreign courts will give effect to section 112S of the SFO.

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

Distribution of this Prospectus must be accompanied by a copy of the Product Key Facts Statement of each Sub-Fund and the latest available audited annual financial report of the Company and the Sub-Fund(s) (if any) and any subsequent unaudited interim financial report. Shares of the Sub-Fund(s) are offered on the basis only of the information contained in this Prospectus, 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 Prospectus or the Product Key Facts Statement should be regarded as unauthorised and accordingly must not be relied upon.

SFC registration and authorisation

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

[1] "CLSA" is the trading name used by various indirect subsidiaries of CITIC Securities Company Limited outside of mainland China.

Selling restrictions

General: No action has been taken to permit an offering of Shares of the Sub-Fund(s) or the distribution of this Prospectus or the Product Key Facts Statement in any jurisdiction other than Hong Kong where action would be required for such purposes. Accordingly, this Prospectus 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, Shares 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 Prospectus or the Product Key Facts Statement does not constitute an offer of Shares 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 Shares 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 Company 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 Shares 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 Shares.

Some of the information in this Prospectus is a summary of corresponding provisions in the Instrument of Incorporation and the agreements with service providers appointed by the Company. Investors should refer to the Instrument of Incorporation and the relevant agreements 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 Prospectus, 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 Prospectus must be read together with the relevant Appendix to this Prospectus which relates to a specific Sub-Fund of the Company. The Appendix sets 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 supplement this Prospectus.

Information and enquiries

To obtain further information about the Company and the Sub-Funds, or for any enquiries or complaints in relation to the Company and any Sub-Fund, investors may either:

- write to the registered address of the Company at 18/F, One Pacific Place, 88 Queensway, Hong Kong; or
- contact the Manager by e-mail at am-ops@clsa.com.

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 www.clsa.com/services/assets-management/ for further information on the Company and the Sub-Fund(s), including this Prospectus and the Product Key Facts Statement(s), annual and interim financial reports and latest Net Asset Values. This website has not been reviewed or authorised by the SFC.

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DIRECTORY OF PARTIES

Registered address

18/F, One Pacific Place,

88 Queensway,

Hong Kong

Directors of the Company

COLLARD, Jeremy David

ZHANG Zheng

Manager

CITIC Securities Asset Management (HK) Limited

18/F, One Pacific Place,

88 Queensway,

Hong Kong

Directors of the Manager

XU Jianqiang

LIU Jing

Jeremy David COLLARD

ZHANG Huizi

Custodian, Administrator and Registrar

Bank of Communications Trustee Limited

1/F., Far East Consortium Building,

121 Des Voeux Road Central,

Central,

Hong Kong

Auditors

Ernst & Young

27/F, One Taikoo Place,

979 King's Road,

Quarry Bay,

Hong Kong

Legal Advisers

Deacons

5/F, Alexandra House

18 Chater Road

Central

Hong Kong

DEFINITIONS

The defined terms used in this Prospectus have the following meanings:

"**AEOI**"	Automatic Exchange of Financial Account Information ("**AEOI**") refers to one or more of the following, as the context requires: (a) Sections 1471 – 1474 of the US Internal Revenue Code of 1986 ("**IRS Code**"), as amended (referred to as the Foreign Account Tax Compliance Act or "**FATCA**"); (b) the Organisation for Economic Co-operation and Development ("**OECD**") Standard for Automatic Exchange of Financial Account Information in Tax Matters – the Common Reporting Standard and any associated guidance; (c) 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 (d) 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 Directors may from time to time select in respect of any Sub-Fund. The first Accounting Date of the Company is 31 December 2023
"**Accounting Period**"	a period commencing on the date of incorporation of the Company or establishment of the relevant Sub-Fund (as the case may be) or on the date next following an Accounting Date and ending on the next succeeding Accounting Date or the date when the Company completes its winding up or the termination date of the relevant Sub-Fund (as the case may be)
"**Administrator**"	unless otherwise stated in the relevant Appendix for a particular Sub-Fund, Bank of Communications Trustee Limited or such other person, firm or corporation appointed to act and for the time being acting as administrator of the Company and/or one or more Sub-Funds
"**Amortisation Period**"	in relation to the Company and/or a Sub-Fund, such period as specified in the relevant Appendix over which establishment costs of the Company and/or such Sub-Fund will be amortised
"**Appendix**"	the appendix containing specific information in relation to the Sub-Fund or a Class or Classes of Shares in relation thereto which is enclosed with this Prospectus and which forms part of this Prospectus
"**Application Form**"	the prescribed application form for the subscription of Shares and for the avoidance of doubt, the Application Form does not form part of this Prospectus

"**Auditors**"	Ernst & Young or the person appointed and acting as auditor of the Company for the time being
"**Authorised Distributor**"	any person appointed by the Company to distribute Shares 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
"**Bond Connect**"	As defined in the joint announcement of the People's Bank of China and the Hong Kong Monetary Authority dated 16 May 2017, means an arrangement that establishes mutual bond market access between Mainland China and Hong Kong. Eligible foreign investors can invest in the China interbank bond market through Northbound Trading of the Bond Connect
"**Business Day**"	a day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are open for general business or such other day or days in relation to a Sub-Fund or a class of Shares as the Directors may determine from time to time and as specified in the relevant Appendix, provided that where as a result of a tropical cyclone warning no. 8 or above or a "black" rainstorm warning signal being hoisted in Hong Kong or other event, the period during which banks in Hong Kong are open on any day is reduced, such day shall not be a Business Day unless the Directors determine otherwise
"**China A-share**"	shares issued by companies listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange, traded in Renminbi and available for investment by Mainland Chinese investors, qualified foreign investors ("**QFI**") (qualified foreign institutional investors ("**QFII**") and Renminbi qualified foreign institutional investors ("**RQFII**")) and foreign strategic investors approved by the China Securities Regulatory Commission, and through Stock Connect
"**China B-share**"	shares issued by companies listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange, traded in foreign currencies and available for investment by Mainland Chinese investors and offshore investors
"**China H-share**"	shares issued by companies incorporated in Mainland China and listed on the Stock Exchange of Hong Kong and traded in Hong Kong Dollars
"**Class**"	any class of Shares in issue in relation to a Sub-Fund
"**Class Currency**"	in relation to a Class of Shares in a Sub-Fund, means the currency of account of such Class as specified in the relevant Appendix
"**Company**"	CLSA Global Public Fund Series Open-Ended Fund Company
"**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 Charge**"	the Conversion Charge (if any) payable on the conversion of Shares and as specified in the relevant Appendix
"**Conversion Form**"	the prescribed conversion form for the conversion of Shares and for the avoidance of doubt, the Conversion Form does not form part of this Prospectus
"**Custodian**"	unless otherwise stated in the relevant Appendix for a particular Sub-Fund, Bank of Communications Trustee Limited or such other person, firm or corporation appointed to act and for the time being acting as custodian of the Company and/or one or more Sub-Funds, or where the context requires, the Custodian(s) acting or taking responsibility collectively
"**Dealing Day**"	in relation to a Sub-Fund, or, as the context may require, of a particular Class relating to a Sub-Fund, each Business Day or such other day or days as the Directors may from time to time determine, either generally or in respect of a particular Class or Classes of Shares and as specified in the relevant Appendix
"**Dealing Deadline**"	in relation to a Dealing Day, such time by which a request for dealing in Shares of a Sub-Fund or a Class of Shares must be received either on such Dealing Day or on such other Business Day or day as the Directors may from time to time determine, either generally or in relation to any particular jurisdiction in which Shares of that Sub-Fund or the relevant Class may from time to time be sold, and as specified in the relevant Appendix
"**Directors**"	the directors of the Company for the time being
"**ETF**"	means exchange-traded funds
"**EUR**"	Euro, the lawful currency of the European Union
"**Foreign Access Regime**"	In February 2016, the People's Bank of China announced the opening –up of the China interbank bond market to a wider group of eligible foreign institutional investors free of quota restriction
"**Fund Administration and Custody Services Agreement**"	the agreement by which the relevant Administrator and Custodian is appointed to act as administrator and custodian of the Company and the Sub-Funds, as amended from time to time
"**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
"**Instrument of Incorporation**"	the instrument of incorporation of the Company, as amended from time to time
"**Interim Accounting Date**"	30 June in each year or such other date or dates in each year as the Directors may from time to time select in respect of any Sub-Fund. The first Interim Accounting Date of the Company is 30 June 2023
"**Initial Offer Period**"	in relation to a Sub-Fund or a Class or Classes of Shares, such period as the Directors may determine for the purpose of making an initial offer of Shares of such Sub-Fund or such Class or Classes and as specified in the relevant Appendix (if applicable)
"**Initial Offer Price**"	the price per Share during the Initial Offer Period as determined by the Manager and as specified in the relevant Appendix (if applicable)
"**Investment Delegate**"	in relation to a Sub-Fund, an entity that has been delegated the investment management function of all or part of the assets of the Sub-Fund, the details of which are as specified in the relevant Appendix (if applicable)
"**IOP Deadline**"	4.00 p.m. (Hong Kong time) on the last Business Day of the Initial Offer Period of a Sub-Fund or a particular Class of Shares or such other time on such Business Day or such other day as the Directors may from time to time determine and as specified in the relevant Appendix
"**Issue Price**"	the issue price of a Share of a particular Class after the expiry of the Initial Offer Period calculated in accordance with the Instrument of Incorporation and as described below under "***Subscription of Shares - Issue Price***"
"**Mainland China**"	the People's Republic of China excluding Hong Kong, Macau and Taiwan for the purpose of this Prospectus
"**Management Agreement**"	the agreement by which the Manager is appointed to act as manager of the Company and the Sub-Funds, as amended from time to time
"**Manager**"	CITIC Securities Asset Management (HK) Limited in its capacity as the investment manager of the Company and its Sub-Funds or such other entity as may be appointed from time to time as the investment manager of the Company and its Sub-Funds
"**Minimum Initial Subscription Amount**"	the minimum initial investment for Shares in a Sub-Fund or a Class of Shares and as specified in the relevant Appendix
"**Minimum Holding Amount**"	the minimum number or value of Shares of any Sub-Fund or Class of Shares which must be held by any Shareholder and as specified in the relevant Appendix
"**Minimum Redemption Amount**"	the minimum number or value of Shares of any Sub-Fund or Class of Shares to be redeemed by any Shareholder in respect of a partial redemption of Shares and as specified in the relevant Appendix

"**Minimum Subscription Level**"	in relation to a Sub-Fund, 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 Shares in a Sub-Fund or a Class of Shares 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 Shares or a Share of such Sub-Fund or a Share of the Class or Classes relating to such Sub-Fund, calculated in accordance with the provisions of the Instrument of Incorporation and as summarised below under "***Valuation and suspension - Calculation of Net Asset Value***"
"**OFC Code**"	the Code on Open-ended Fund Companies issued by the SFC, as amended from time to time and supplemented by published guidelines or other guidance issued by the SFC
"**Payment Period**"	such period as the Manager with the approval of the Custodian may determine within which payment for Shares issued for cash after the Initial Offer Period for such Shares is due, and as specified in the relevant Appendix
"**Preliminary Charge**"	the subscription charge (if any) payable on the issue of Shares and as specified in the relevant Appendix
"**Prospectus**"	this Prospectus including the Appendices, as each may be amended, updated or supplemented from time to time
"**QFI**"	qualified foreign investor(s) (including, if applicable, qualified foreign institutional investors ("**QFII**") and Renminbi qualified foreign institutional investors ("**RQFII**") approved pursuant to the relevant Mainland China laws and regulations, as may be promulgated and/or amended from time to time)
"**Redemption Charge**"	the redemption charge (if any) payable upon redemption of Shares and as specified in the relevant Appendix
"**Redemption Form**"	the prescribed redemption form for the redemption of Shares and for the avoidance of doubt, the Redemption Form does not form part of this Prospectus
"**Redemption Price**"	the price at which Shares will be redeemed as determined in accordance with the Instrument of Incorporation and as described below under "***Redemption of Shares - Redemption Price***"
"**Refund Period**"	10 Business Days from the relevant Dealing 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 application moneys in respect of an application which was rejected or a Sub-Fund or a Class of Shares which was not launched will be returned to the relevant applicant

"**Registrar**"	Bank of Communications Trustee Limited in its capacity as the registrar of the Company and its Sub-Funds or such other entity as may be appointed from time to time as registrar of the Company and its Sub-Funds
"**Renminbi**", "**RMB**"	the lawful currency of Mainland China
"**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
"**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 Lending Transactions**"	transactions whereby a Sub-Fund lends its securities to a security-borrowing counterparty for an agreed fee
"**Securities Market**"	any stock exchange, over-the-counter market or other organised securities market that is open to the international public and on which such securities are regularly traded
"**SFC**"	the Securities and Futures Commission of Hong Kong
"**SFO**"	the Securities and Futures Ordinance, Laws of Hong Kong (Chapter 571), as amended
"**Share**"	a voting, participating share in the Company
"**Shareholder**"	a person registered as a holder of a share in the capital of the Company
"**Stock Connect**"	the securities trading and clearing linked programme with an aim to achieve mutual market access between Mainland China and Hong Kong comprising the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect
"**Sub-Fund**"	a separate part of the property of the Company that is invested and administered separately
"**U.S.**"	the United States of America
"**US$**" or "**USD**"	U.S. Dollars, the lawful currency of the U.S.
"**UT 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, as may be amended from time to time

"**Valuation Day**"	each Business Day on which the Net Asset Value of a Sub-Fund and/or the Net Asset Value of a Share or a Class of Shares falls to be calculated and in relation to each Dealing Day of any Class or Classes of Shares means either such Dealing Day or such other Business Day or day as the Directors may from time to time determine, either generally or in relation to a particular Sub-Fund or Class of Shares, 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 Directors may determine from time to time either generally or in relation to a particular Sub-Fund or Class of Shares and as specified in the relevant Appendix.

THE COMPANY

The Company is an open-ended fund company established as an umbrella fund pursuant to the Instrument of Incorporation and is governed by the SFO. All Shareholders are entitled to the benefit of, are bound by and deemed to have undertaken to observe the provisions of the Instrument of Incorporation.

The Company is organised as an umbrella fund and details of each of its current Sub-Fund(s) and/or their respective Class or Classes of Shares are set out in the relevant Appendix. Subject to any applicable regulatory requirements and SFC approval (if required), the Directors may in their 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 pool of assets under the Instrument of Incorporation. The assets of a Sub-Fund belong exclusively to the Sub-Fund and shall not be used to discharge liabilities of, or the claims against, any other person including the Company and any other Sub-Fund. Any liability incurred on behalf of, or attributable to, a Sub-Fund may only be discharged out of the assets of such Sub-Fund. Without prejudice to the foregoing, the Directors may allocate assets or liabilities that (i) the Company receives or incurs on behalf of the Sub-Funds or in order to enable the operation of the Sub-Funds; and (ii) are not attributable to any particular Sub-Fund, between the Sub-Funds in a manner that the Directors reasonably believe is fair to the Shareholders generally.

The Base Currency of a Sub-Fund will be set out in the relevant Appendix. Each Class of Shares 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.

Currency Hedged Class of Shares (where "Hedged" is indicated in the name of the Class) may be offered for each Sub-Fund. The Manager may hedge the currency exposure of a Class denominated in a currency other than the Base Currency of a Sub-Fund against that Sub-Fund's Base Currency, in order to attempt to mitigate the effect of fluctuations in the exchange rate between the Class Currency and the Base Currency of that Sub-Fund. As this type of foreign exchange hedging may be utilised for the benefit of a particular Currency Hedged Class of Shares, its costs and resultant profit or loss on the hedging transaction shall be for the account of that Currency Hedged Class of Shares only. Investors should note that the additional costs associated with this form of hedging include transaction costs relating to the instruments and contracts used to implement the hedge. The costs and the resultant profit or loss on the hedged transaction will be reflected in the Net Asset Value per Share of the relevant Currency Hedged Class of Shares.

MANAGEMENT AND ADMINISTRATION OF THE COMPANY

Directors

The Directors of the Company are:

COLLARD, Jeremy David

Mr. Collard joined the Manager in 2018 and currently serves as Deputy Head of Asset Management for the CITIC CLSA group. In this role Mr. Collard is responsible for a broad range of functions including overall business strategy and execution, product development, investment solutions, sales and distribution and also the COO function. Mr. Collard has more than 25 years' experience in financial markets and asset management. Prior to joining the Manager, Mr. Collard was Managing Director and Global Head of Structured Investment Solutions at Citigroup Global Markets, where he established and led that firm's global investment management platform. Mr. Collard has a bachelor's degree in Economics and Politics from the University of Bristol, United Kingdom, and earned post graduate qualifications in law before starting his career as a financial services lawyer at the law firm Linklaters.

ZHANG Zheng

Mr. Zhang Zheng serves as Managing Director and Chief Investment Officer in CITIC Securities Asset Management (HK) Limited. Prior to CITIC Securities Asset Management (HK) Limited, he was Managing Director of CITIC Capital's Asset Management from 2003. Mr. Zhang has around 20 years of investment experience in onshore/offshore Chinese equities, foreign exchange, commodities and fixed income securities. During his time at CITIC Capital, he has managed/co-managed a global macro fund, a Greater China long/short equity fund, a long-only China A-share fund, a China focused equity fund and other fixed income and multi-strategies funds / discretionary accounts.

Mr. Zhang obtained his Master degree in Banking & International Finance from City University London and his degree in Software Engineering from Imperial College University of London.

Manager

The Manager of the Company is CITIC Securities Asset Management (HK) Limited.

The Manager is a limited liability company incorporated under the laws of Hong Kong. It is licensed by the SFC to carry on types 1 (dealing in securities), 2 (dealing in futures contracts), 4 (advising on securities) and 9 (asset management) regulated activities under the Part V of SFO with CE number ARE947.

The Company has appointed the Manager to manage the assets of the Company (i.e. to carry out investment management functions) and to provide asset valuation and pricing functions and other administrative functions in respect of the Company and each Sub-Fund, pursuant to the Management Agreement. The Manager is also responsible, in conjunction with the Administrator, for the maintenance of the financial reports and records of the Company and each Sub-Fund as well as certain other administrative matters relating to the Company and each Sub-Fund.

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

The Manager may appoint other investment advisers to provide investment advisory service to any of the Sub-Funds from time to time and, unless otherwise stated in the relevant Appendix for a Sub-Fund, the remuneration of such investment advisers will be borne by the Manager from the management fee.

The Manager may delegate its asset valuation, pricing, administrative and other functions to others in accordance with the Management Agreement. Unless otherwise stated in an Appendix for a Sub-Fund, the Manager has delegated its asset valuation and pricing functions in respect of the Company and each Sub-Fund to the Administrator.

Where the investment management functions in respect of a Sub-Fund are delegated to Investment Delegates, the Manager will conduct on-going supervision and regular monitoring of the competence of such Investment Delegates to ensure that the Manager's accountability to investors is not diminished, and although the investment management role of the Manager may be sub-contracted to third parties, the responsibilities and obligations of the Manager may not be delegated.

Under the Management Agreement, the Manager and its officers, servants, agents and delegates shall be entitled for the purpose of indemnity against all actions, proceedings, claims, cost demands and expenses which may be brought against suffered or incurred by the Manager by reason of its performance or non-performance of its obligations or functions under the terms of the terms of the Management Agreement (other than due to fraud, bad faith, wilful default, negligence or misconduct on the part of the Manager or persons designated by it) including all legal, professional and other expenses incurred by the Manager or persons designated by it in the performance of its obligations or functions and including indemnity obligations owed by the Manager to persons designated by it (except such as shall arise from fraud, bad faith, wilful default, negligence or misconduct on the part of the Manager in the performance or non-performance of such obligations or functions). For the purpose of indemnity for the Manager discharging its functions or performing its obligations relating to a Sub-Fund, the Manager shall not have recourse to the assets of the relevant Sub-Fund or any part thereof and shall not have a right of recourse to the assets of any other Sub-Funds. Notwithstanding the aforesaid, neither the Manager nor the person designated by it shall be indemnified against any liability to Shareholders of the Company imposed under the laws of Hong Kong or breaches of trust through fraud or negligence on the part of the Manager or persons designated by it, by the Shareholders or at Shareholders' expense, and no provision in the Management Agreement or the Instrument of Incorporation shall be construed as providing such indemnity.

The Manager may retire on 6 months' written notice pursuant to the Management Agreement. The Manager must retire when it ceases to meet the eligibility requirements (or is prohibited from acting as Manager) under the applicable regulatory requirements, or when the SFC withdraws its approval of the Manager. The Manager is subject to removal by notice in writing from the Directors where:

- the Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation), becomes bankrupt or has a receiver appointed over its assets;
- for good and sufficient reason, the Directors state in writing that a change in Manager is desirable in the interests of the Shareholders; or
- if the Manager shall commit any material breach of its obligations under the Management Agreement and (if such breach shall be capable of remedy) shall fail within 30 days of receipt of notice served by the Company requiring it so to do to make good such breach.

The Manager may not retire except upon the appointment of a new Manager approved by the SFC.

In the event that the Manager shall retire or be removed or its appointment shall otherwise terminate, the Company shall appoint another corporation eligible under the applicable laws and regulations to act as the investment manager of the Company which is approved by the SFC to be the Manager in place

of the Manager so retiring or being removed on or before the expiry of any period of notice of such retirement or removal.

The Manager is entitled to the fees mentioned below in the section headed "***Fees and Expenses – Management fee***".

Custodian, Administrator and Registrar

The Custodian, Administrator and Registrar of the Company and each Sub-Fund is Bank of Communications Trustee Limited ("**BOCOM Trustee**"), which is a registered trust company in Hong Kong under Part 8 of the Trustee Ordinance (Chapter 29 of the Laws of Hong Kong). BOCOM Trustee is a wholly-owned subsidiary of Bank of Communications Co., Ltd. BOCOM Trustee provides a broad range of customised services, including trustee services, retirement services, custodian services, will and estate administration services and other financial services.

As the Custodian, BOCOM Trustee is responsible for the safekeeping of the assets of the Company and each Sub-Fund, subject to the provisions of the Instrument of Incorporation, the Fund Administration and Custody Services Agreement and all applicable laws and regulations including the SFO. BOCOM Trustee may from time to time appoint such person or persons as it thinks fit (including, without limitation, any of its connected persons) to be agent, nominee, custodian, joint custodian, co-custodian and/or sub-custodian to hold certain assets of the Company or any Sub-Fund and may empower any such person or persons to appoint, with no objection in writing by the Custodian, co-custodians and/or sub-custodians. BOCOM Trustee may also appoint delegates for the performance of its duties, powers or discretions under the Fund Administration and Custody Services Agreement. BOCOM Trustee is required to (a) exercise reasonable care, skill and diligence in the selection, appointment and monitoring of such persons and, (b) be satisfied that such persons retained remain suitably qualified and competent on an ongoing basis to provide the relevant services to the Sub-Fund(s) provided however that if BOCOM Trustee has discharged its obligations set out in (a) and (b) above, BOCOM Trustee shall not be liable for any act, omission, insolvency, liquidation or bankruptcy of any such person(s) not being its connected person appointed as agents, nominees, custodians or joint custodians of certain assets of the Company or any Sub-Fund. BOCOM Trustee shall be liable for any act or omission of any person(s) that is a connected person of BOCOM Trustee as if the same were the act or omission of BOCOM Trustee.

BOCOM Trustee shall not be liable for any act, omission, insolvency, liquidation or bankruptcy of Euro-clear Clearing System Limited or Clearstream Banking S.A. or any other recognised or central depositaries or clearing system which may from time to time be approved by BOCOM Trustee and the Manager.

Subject as provided in the Fund Administration and Custody Services Agreement, BOCOM Trustee is entitled to be indemnified from the assets of the Company and/or the relevant Sub-Fund from and against any and all actions, proceedings, liabilities, costs, claims, damages, expenses, including all reasonable legal, professional and other similar expenses which may be incurred by or asserted against BOCOM Trustee in performing its obligations or duties in connection with the Company and/or the relevant Sub-Fund, except to the extent that such actions, proceedings, liabilities, costs, claims, damages or expenses result from the negligence, fraud or willful breach of duty on the part of BOCOM Trustee. Subject to the applicable law and the provisions of the Fund Administration and Custody Services Agreement and the Instrument of Incorporation, BOCOM Trustee shall not, in the absence of fraud, negligence or wilful breach of duty on the part of BOCOM Trustee, be liable for any losses, costs or damage to the Company, any Sub-Fund or any Shareholder. In any event, BOCOM Trustee is neither exempted from any liability to Shareholders imposed under Hong Kong law nor breaches of trust through fraud or negligence nor may it be indemnified against such liability by Shareholders or at Shareholders' expense. No provision in the Fund Administration and Custody Services Agreement or the Instrument of Incorporation shall be construed as diminishing or exempting BOCOM Trustee from

any of its duties and liabilities under the applicable laws and regulations, and the Fund Administration and Custody Services Agreement may not contain any provision to the effect of providing any of such exemption or indemnity.

As the Administrator of the Company and each Sub-Fund, BOCOM Trustee is responsible for certain financial, administrative and other services in relation to the Company and each Sub-Fund, including:

(a) as delegated to it by the Manager, determining the Net Asset Value and the Net Asset Value per Share;
(b) preparing and maintaining the Company and the Sub-Fund(s)' financial and accounting records and statements; and
(c) assisting in preparing the financial statements of the Company and the Sub-Fund(s).

BOCOM Trustee will be entitled to the fees described in the section headed "Fees and Expenses" below and in the relevant Appendix, and to be reimbursed for all costs and expenses in accordance with the provisions of the Fund Administration and Custody Services Agreement.

The Fund Administration and Custody Services Agreement provides, inter alia, that the agreement, upon expiry of a 24-month minimum commitment period, may be terminated at any time by either party upon not less than 90 days' prior written notice.

BOCOM Trustee may retire on 90 days' prior written notice pursuant to the Fund Administration and Custody Services Agreement. BOCOM Trustee must retire when it ceases to meet the eligibility requirements (or is prohibited from acting as Custodian) under the applicable regulatory requirements or when the SFC withdraws its approval of the Custodian. BOCOM Trustee is subject to removal by notice in writing from the Directors where:

- BOCOM Trustee goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation), becomes bankrupt or has a receiver appointed over its assets; or
- for good and sufficient reason, the Directors state in writing that a change in the Custodian is desirable in the interests of the Shareholders;

BOCOM Trustee may not retire except upon the appointment of a new Custodian. In the event that BOCOM Trustee shall retire or be removed or its appointment shall otherwise terminate, the Company shall appoint another corporation eligible under the applicable laws and regulations to act as a custodian of the Company which is approved by the SFC to be the Custodian in place of BOCOM Trustee so retiring or being removed on or before the expiry of any period of notice of such retirement or removal. The retirement of BOCOM Trustee should take effect at the same time as the new Custodian takes up office.

Authorised Distributors

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

Where application for Shares is made by an applicant through an Authorised Distributor, Shares 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 Shares are registered to take action on his/her behalf. As the Authorised Distributor (or its nominee) is the Shareholder of the relevant Sub-Fund, the Company shall not be responsible for any arrangements between the relevant applicant and the Authorised Distributor regarding the subscription, holding and redemption of Shares and any related matters, as well as any costs or losses

that may arise therefrom. The Company will, however, take reasonable care in the selection and appointment of Authorised Distributor(s).

Investors who apply for subscription, redemption and/or conversion of Shares 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 Company or the Manager may pay or share any of the fees received by them (including any Preliminary Charge, Redemption Charge, Conversion Charge and management fees) with such Authorised Distributor(s). 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 Company or the Sub-Fund(s) will not be paid from the assets of the Company or the Sub-Fund(s).

Auditors

The Manager has appointed Ernst & Young to act as the Auditors of the Company and the Sub-Funds. The Auditors are independent of the Company, the Manager, the investment adviser(s) and the Custodian.

Other Service Providers

The Company 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 policy

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

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

Any changes in the investment objective and/or policy which are material changes will be subject to the prior approval of the SFC and notified to the affected Shareholders by at least one month's prior written notice (or such other notice period as agreed with the SFC). Set out below are the overriding principles and requirements that must be satisfied in order for any changes to be classified as immaterial changes:

(a) the changes do not amount to a material change to the relevant Sub-Fund;
(b) there will be no material change or increase in the overall risk profile of the relevant Sub-Fund following the changes; and
(c) the changes do not have a material adverse impact on rights or interests of Shareholders of the relevant Sub-Fund (including changes that may limit ability of Shareholders of the relevant Sub-Fund in exercising their rights).

Investment and borrowing restrictions

The Instrument of Incorporation sets out restrictions and prohibitions on the acquisition of certain investments by the Company 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 Prospectus.

Securities Financing Transactions

Unless otherwise disclosed in the Appendix of a Sub-Fund, the Company currently does not intend to enter into any Securities Financing Transactions in respect of any of the Sub-Funds.

Where it is disclosed in the relevant Appendix, a Sub-Fund may engage in Securities Financing Transactions. A Sub-Fund may engage in Securities Financing Transactions provided that they are in the best interests of Shareholders 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 Prospectus.

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 UT Code. Where a Sub-Fund may invest through a wholly-owned subsidiary, further details are set out in the Appendix of such Sub-Fund.

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 Shareholders of the relevant Sub-Fund.

Liquidity risk management

The Manager has established a liquidity 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 each Sub-Fund will facilitate compliance with the Sub-Fund's obligation to meet redemption requests. Such policy, combined with the liquidity management tools that may be employed by the Manager, also seeks to achieve fair treatment of Shareholders and safeguard the interests of remaining Shareholders in case of sizeable redemptions.

The liquidity risk management of the Sub-Fund is carried out by the Manager's liquidity risk management function which is functionally independent from the portfolio investment function. The oversight of the liquidity risk management function will be performed by a risk management committee consisting of responsible officers and senior staff such as the compliance officer, head of investment, head of operations and risk manager. The committee generally meets on a monthly basis. A liquidity report of each Sub-Fund will be generated by the Manager's operations team at the end of each day and will be submitted to the liquidity risk management function. Exceptions on liquidity risk related issues will be escalated to the risk management committee.

The Manager would regularly assess the liquidity of each Sub-Fund's assets under the current and likely future market conditions. The liquidity risk management policy involves monitoring the profile of investments held by the Sub-Funds on an on-going basis to ensure that such investments are appropriate to the redemption policy as stated under the section headed "***Redemption of Shares***", and will facilitate compliance with the Sub-Funds' obligation to meet redemption requests. In particular, for high yield or unrated debt securities and emerging market assets, the Manager intends to maintain a more diversified investment portfolio with different levels of liquidity and avoid concentrating investment in any one investment, particularly investments which are less liquid. The Manager may also set an internal limit as to each individual investment that may be held by a Sub-Fund.

The Manager may also be in regular communication with Authorised Distributors and substantial investors of the relevant Sub-Fund in order to receive updates on investor profile and their historical and expected redemption patterns. Through such communication, the Manager can make better assessment as to the expected redemptions (especially substantial redemptions) from the relevant Sub-Fund in the future.

The Manager may use a range of quantitative metrics and qualitative factors in assessing the liquidity of a Sub-Fund's assets including the following:

- the volume and turnover in the security;
- (Where the price is determined by the market) the size of the issue and the portion of the issue that the Manager plans to invest in;
- the cost and timeframe to acquire or sell the securities;
- an independent analysis of historic bid and offer prices may indicate the relative liquidity and marketability of the instrument; and
- the quality and number of intermediaries and market makers dealing in the security concerned.

The Manager will classify the assets of each Sub-Fund into different liquidity categories. For example, for a Sub-Fund which invests in bonds, the liquidity of the bonds will be categorised into 4 categories: (1) highly liquid bonds (e.g. government bonds); (2) liquid bonds (e.g. corporate bonds with 3 or more

market makers); (3) less liquid bonds (e.g. corporate bonds with 2 or less market makers); and (4) illiquid bonds (e.g. bonds that take more than 7 trading days to liquidate).

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

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

- the Manager may after consultation with the Custodian limit the number of Shares of any Sub-Fund redeemed on any Dealing Day to 10% of the total Net Asset Value of the relevant Sub-Fund (subject to the conditions under the heading entitled "***Restrictions on redemption***" in the section "***Redemption of Shares***"). If such limitation is imposed, this would restrict the ability of a Shareholder to redeem in full the Shares he intends to redeem on a particular Dealing 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 suspend redemption under exceptional circumstances (after consultation with the Custodian) as set out under the heading entitled "***Suspension***" in the section "***Valuation and suspension***". During such period of suspension, Shareholders 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 bid-ask spread, and fiscal and purchase charges (please refer to the heading entitled "***Issue Price***" in the section "***Subscription of Shares***") or deduct bid-ask spread, and fiscal and sales charges (please refer to the heading entitled "***Redemption Price***" in the section "***Redemption of Shares***"), to protect the interest of remaining Shareholders. 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 Custodian 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 massive 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 Prospectus and the Appendix for the relevant Sub-Fund. The price of Shares 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 Share of the relevant Sub-Fund. The price of Shares 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.

Risk relating to dynamic asset allocation strategy

A Sub-Fund may pursue dynamic asset allocation which may not achieve the desired results under all circumstances and market conditions. The investments of the relevant Sub-Fund may be periodically rebalanced and therefore the relevant Sub-Fund may incur greater transaction costs than a fund with static allocation strategy.

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-capitalisation / mid-capitalisation companies

A Sub-Fund may invest in the securities of small-capitalisation / mid-capitalisation 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 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

A Sub-Fund which invests in debt securities (including short-term money market instruments) will be subject to the following risks.

- *Credit risk*

  Investment in money market instruments, 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, 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.

  Adverse events or market conditions may have a larger negative impact on the prices of below investment grade or unrated debt securities than on higher-rated debt securities. 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. For example, during economic downturns, such bonds typically fall more in value than investment grade bonds as investors become more risk averse and default risk rises.

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

  A Sub-Fund may invest in such as 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.

- *Volatility and liquidity risk*

  The debt securities in certain markets (e.g. Mainland China) may be subject to higher volatility and lower liquidity compared to more developed markets. The prices of such securities may be subject to fluctuations. The bid and offer spreads of the price of such securities may be large and a Sub-Fund may incur significant trading costs.

- *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 breakdown 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 Custodian. 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 Custodian 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. With the approval of the Custodian, the Directors would perform valuation on unlisted debt securities at their fair market value, in consultation with the Manager. The Directors will have

regard for the purchase price of the securities, fundamental developments of the investment, any financial data and projections of the investment, including secondary market trading information. In determining the valuation, the Directors may rely upon the advice of and information provided by the Manager, Custodian, any broker, consultant, market maker or pricing services provider appointed by the Manager. 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 the Directors are 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 instruments risk*

  Where 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 instruments may also increase which in turn may have a negative impact on the Net Asset Value of the Sub-Fund.

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 such 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.

Credit rating agency risk (applicable to Mainland China onshore securities)

The credit appraisal system in Mainland China and the rating methodologies employed in Mainland China may be different from those employed in other markets. Credit ratings given by Mainland Chinese rating agencies may therefore not be directly comparable with those given by other international rating agencies.

Risks of investing in convertible bonds

A Sub-Fund which invests in convertible bonds will be subject to additional risks. 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. The value of a convertible bond is a function of the underlying stock price, the volatility of the stock, the stock dividend, stock borrow fee and credit spread of the underlying credit. Generally, the value of convertible bond will decrease when the underlying stock price decreases, or the volatility of the stock decreases, or the stock dividend payout increases, or the stock borrow fee increases, or the credit spread of the underlying credit widens. The Sub-Fund also assumes the risk of losing its investment in the option premium of the convertible bond. 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 associated with debt instruments with loss-absorption features

Certain Sub-Funds may invest in debt instruments with loss-absorption features which may include instruments classified as Additional Tier 1/Tier 2 capital instruments, Contingent Convertible Securities ("**CoCos**"), non-preferred senior bonds which may also be known as Tier 3 bonds and other instruments eligible to count as loss-absorbing capacity under the resolution regime for financial institution. These debt instruments 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 event (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 can 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.

Certain Sub-Funds may invest in CoCos which are highly complex and are of high risk. Upon the occurrence of a trigger event, CoCos may be converted into shares of the issuer (potentially at a discounted price), or may be subject to the permanent write-down to zero. Coupon payments on CoCos are discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time.

Certain Sub-Funds 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.

"Dim Sum" bonds (i.e. bonds issued outside of Mainland China but denominated in offshore RMB (CNH)) market risks

The "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 a 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 offshore RMB (CNH) market by the relevant regulator(s).

Risks of investing in urban investment bonds

Urban investment bonds are issued by local government financing vehicles ("**LGFVs**"). Such bonds are typically not guaranteed by local governments or the central government of Mainland China. LGFVs are separate legal entities established by local Mainland Chinese governments and /or their affiliates to raise financing for public welfare investment or infrastructure projects. In the event that the LGFVs default on payment of principal or interest of the urban investment bonds, the relevant Sub-Fund could suffer substantial loss and its Net Asset Value could be adversely affected.

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.

Risks associated with investment in ETF

The trading prices of units/shares in an ETF may differ significantly from the net asset value of the units/shares of such ETF due to, disruptions to creations and realisations (for example, as a result of imposition of capital controls by a foreign government) and supply and demand forces in the secondary trading market for units/shares in the ETF. In addition, factors such as fees and expenses of an ETF, imperfect correlation between the ETF's assets and the underlying securities within the relevant tracking index, rounding of share prices, adjustments to the tracking index and regulatory policies may affect the ability of the manager of an ETF to achieve close correlation with the tracking index for the relevant ETF. An ETF's returns may therefore deviate from that of its tracking index.

There can be no assurance that an active trading market will exist or maintain for units/shares of an ETF on any securities exchange on which units/shares of an ETF may trade. Valuation of units/shares of investment in an ETF is primarily based on the last traded price. The units/shares of the ETFs which the Sub-Fund may invest in may be traded at large discounts or premiums to their net asset value, which

may in turn affect the Net Asset Value of a Sub-Fund. Where a Sub-Fund buys at a premium, it may suffer losses and may not fully recover its investment in the event of termination of the ETF.

An ETF which is designed to track a market index is not "actively managed", therefore when there is a decline in the reference index, the ETF will also decrease in value. The ETF may not adopt any temporary defensive position against market downturns. The relevant Sub-Fund may lose part or all of its investment in the ETF.

There can be no assurance that an active trading market will exist or be maintained for units/shares of an ETF on any securities exchange on which units/shares of an ETF may be traded.

Synthetic ETF typically invest in financial derivative instruments to replicate the performance of a reference index. Investment in synthetic ETF will be subject to the credit risk of the counterparties who issue the financial derivative instruments. If the derivative counterparties of a synthetic ETF default, the relevant Sub-Fund may suffer substantial losses of its investment in the synthetic ETF. Since derivative issuers are predominantly international financial institutions, the failure of one derivative counterparty could potentially have a "knock on" effect on other counterparties. Some synthetic ETF have collateral to reduce the counterparty risks but if the market value of the collateral has fallen substantially, the synthetic ETF may suffer losses when they seek to realise the collateral. The relevant Sub-Fund's investment in the synthetic ETF will suffer losses accordingly.

Risks associated with investment in REITs

Investments in REITs will subject a Sub-Fund to risks associated with the direct ownership of real estate. These risks include, among others, possible declines in the value of real estate, risks related to general and local economic conditions, possible lack of availability of mortgage funds, overbuilding, extended vacancies of properties, increases in competition, real estate taxes and transaction, operating and foreclosure expenses, changes in zoning laws, costs resulting from the clean-up of, and liability to third parties for damages resulting from, environmental problems; casualty or condemnation losses, uninsured damages from natural disasters and acts of terrorism, limitations on and variations in rents; and changes in interest rates.

Further, the underlying assets of REITs may be relatively illiquid. Insofar as a Sub-Fund directly invests in REITs any dividend policy or dividend payout at the Sub-Fund level may not be representative of the dividend policy or dividend payout of the relevant underlying REIT.

The legal structure of a REIT, its investment restrictions and the regulatory and taxation regimes to which it is subject will differ depending on the jurisdiction in which it is established.

Risks associated with bank deposits

Bank deposits are subject to the credit risks of the relevant financial institutions. A Sub-Fund may also place deposits in non-resident accounts (NRA) and/or offshore accounts (OSA) with Mainland Chinese banks. A 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 relevant Sub-Fund. Therefore, if the relevant financial institution defaults, the relevant Sub-Fund may suffer losses as a result.

Borrowing risks

The Company 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 Company will be able to borrow on favourable terms, or that the Company's indebtedness will be accessible or be able to be refinanced at any time.

Emerging markets risks

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

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

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

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

China market risks

Investing in Mainland China is subject to the risks of investing in emerging markets generally and the risks specific to Mainland China.

Since 1978, the Mainland Chinese government has implemented economic reform measures which emphasise decentralisation and the utilisation of market forces in the development of the Mainland 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 Mainland China's political, social or economic policies may have a negative impact on investments in Mainland China.

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

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

Renminbi currency and conversion risks

A Sub-Fund may invest in securities denominated in Renminbi or may have RMB Hedged Class of Shares, therefore, it may be subject to Renminbi currency risks. Renminbi is currently not freely convertible and is subject to exchange controls and restrictions. Non-RMB based (e.g. Hong Kong) investors are exposed to foreign exchange risk and 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 a Sub-Fund. Although offshore RMB (CNH) and onshore RMB (CNY) are the same currency, they trade at different rates. Any divergence between CNH and CNY may adversely impact investors. Under exceptional circumstances, payment of realisations and/or distribution payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.

Renminbi Share Class risk

The Sub-Funds offer share classes designated in RMB. It should be noted that there may be additional risks involved in investing through RMB over and above those of investing through other currencies. Currency exchange rates can be affected unpredictably by intervention (or failure to intervene) by governments or central banks or by currency controls or political developments, particularly in Mainland China. There is also a greater measure of legal uncertainty concerning currency transactions with respect to trades in RMB compared to currencies which have a more established history of being traded internationally.

RMB share classes for the relevant Sub-Fund are denominated in offshore RMB (CNH). CNH convertibility to the onshore RMB (CNY) is a managed currency process subject to foreign exchange control policies of and repatriation restrictions imposed by the Chinese government in co-ordination with the Hong Kong Monetary Authority (HKMA). The value of CNH could differ, perhaps significantly, from that of CNY due to a number of factors including without limitation those foreign exchange control policies and repatriation restrictions pursued by the Chinese government from time to time as well as other external market forces. In addition, currency markets in RMB may have lower trading volumes than the currencies of more developed countries and accordingly markets in RMB may be materially less liquid, subject to greater dealing spreads and experience materially greater volatility than those of other currencies. In particular, the trading of RMB during European market hours when trades for the hedged Share Class will be executed entails inherently lower liquidity and greater transaction costs. This is likely to cause performance divergence against the expected performance of trading RMB during Asian market hours, where liquidity is generally higher and transaction costs are generally lower.

In an extreme event, the lack of liquidity could make it impossible to execute the currency hedge. The Company will seek to implement the hedge and minimize transaction costs on a best efforts basis. However, there can be no guarantee that it will be successful in doing so and cannot eliminate the above risks or transaction costs. The costs and gains/losses of hedging transactions will accrue solely to the relevant hedged Class and will be reflected in the Net Asset Value per Share of that Class.

Risks associated with China A-shares and other equity securities issued within Mainland China

The markets for China A-share and other equity securities issued within Mainland China ("**onshore equity securities**") are undergoing developments. The existence of a liquid trading market for onshore equity securities may depend on whether there is supply of, and demand for, such onshore equity securities. The price at which securities may be purchased or sold by the relevant Sub-Fund and the Net Asset Value of that Sub-Fund may be adversely affected if trading markets for onshore equity securities are limited or absent. The markets for onshore equity securities may be more volatile and unstable (for example, due to the risk of suspension of a particular stock or government intervention). High market volatility and potential settlement difficulties in the markets for onshore equity securities may also result

in significant fluctuations in the prices of the securities traded on such markets and thereby may adversely affect the value of the relevant Sub-Fund.

Securities exchanges in Mainland China typically have the right to suspend or limit trading in any security traded on the relevant exchange. The government or the regulators may also implement policies that may affect the financial markets. In particular, trading band limits are imposed by the stock exchanges in Mainland China on China A-shares. Trading in any China A-share security on the relevant stock exchange may be suspended if the trading price of the security has increased or decreased to the extent beyond the trading band limit. A suspension will render it impossible for the Manager to liquidate positions and can thereby expose the relevant Sub-Fund to significant losses. Further, when the suspension is subsequently lifted, it may not be possible for the Manager to liquidate positions at a favourable price. The suspension in the China A-share markets may also affect the dealings in the relevant Sub-Fund and cause delay in payment of redemption proceeds to investors. Where a Sub-Fund invests in such China A-share security, this may adversely impact the performance of such Sub-Fund and investors may suffer substantial losses.

Risks associated with ChiNext Board and/or the STAR Board

Investments in the ChiNext Board of the Shenzhen Stock Exchange and/or Science and Technology Innovation Board ("**STAR Board**") of the Shanghai Stock Exchange may result in significant losses for the relevant Sub-Fund and its investors. Such investments are subject to the following risks:

- *Higher fluctuation on stock prices and liquidity risk*

Listed companies on the ChiNext Board and/or STAR Board are usually of emerging nature with smaller operating scale. Listed companies on ChiNext Board and STAR Board are subject to wider price fluctuation limits, and due to higher entry thresholds for investors may have limited liquidity, compared to other boards. Hence, companies listed on these boards are subject to higher fluctuation in stock prices and liquidity risks and have higher risks and turnover ratios than companies listed on the main boards.

- *Over-valuation risk*

Stocks listed on the ChiNext Board and/or STAR Board may be overvalued and such exceptionally high valuation may not be sustainable. Stock price may be more susceptible to manipulation due to fewer circulating shares.

- *Differences in regulation applicable to ChiNext Board and STAR Board*

The rules and regulations regarding companies listed on the ChiNext Board and STAR Board are less stringent in terms of profitability and share capital than those in the main boards.

- *Delisting risk*

It may be more common and faster for companies listed on the ChiNext Board and/or STAR Board to delist. ChiNext Board and STAR Board have stricter criteria for delisting compared to the main boards. This may have an adverse impact on a Sub-Fund if the companies that it invests in are delisted.

- *Concentration risk applicable to STAR Board*

STAR Board is a newly established board and may have a limited number of listed companies during the initial stage. Investments in STAR Board may be concentrated in a small number of stocks and subject the relevant Sub-Fund to higher concentration risk.

Risks relating to Foreign Access Regime

A Sub-Fund may directly invest in permissible fixed income instruments traded on the China interbank bond market ("**CIBM**") via the Foreign Access Regime.

Under the Foreign Access Regime, an onshore trading and settlement agent shall be engaged by the Manager or its Investment Delegate to make the filing on behalf of the relevant investing Sub-Fund and conduct trading and settlement agency services for such Sub-Fund.

Since the relevant filings and account opening for investment via the Foreign Access Regime have to be carried out via an onshore settlement agent, such Sub-Fund is subject to the risks of default or errors on the part of the onshore settlement agent.

Under the Foreign Access Regime, the rules allow foreign investors to remit investment amounts in RMB or foreign currency into China for investing in the CIBM. For repatriation of funds out of China by a Sub-Fund, the ratio of RMB to foreign currency should generally match the original currency ratio when the investment principal was remitted into China, with a maximum permissible deviation of 10%. Such requirements may change in the future which may have an adverse impact on the Sub-Fund's investment in the CIBM.

Market volatility and potential lack of liquidity due to low trading volume of certain debt securities in the CIBM may result in prices of certain debt securities traded on such market fluctuating significantly. A Sub-Fund investing in CIBM is subject to liquidity, regulatory and volatility risks. A Sub-Fund may also be exposed to risks associated with settlement procedures and default of counterparties.

The relevant rules and regulations on investment in the CIBM are subject to change which may have potential retrospective effect. In the event that the relevant PRC authorities suspend trading on the CIBM, a Sub-Fund's ability to invest in the CIBM will be limited and the Sub-Fund may suffer substantial losses as a result.

Risks relating to Bond Connect

A Sub-Fund may directly invest in permissible fixed income instruments traded on the CIBM via Bond Connect. The Bond Connect initiative was launched in July 2017 to facilitate CIBM access between Hong Kong and Mainland China. It was established by China Foreign Exchange Trade System & National Interbank Funding Centre ("**CFETS**"), China Central Depository & Clearing Co., Ltd ("**CCDC**"), Shanghai Clearing House ("**SHCH**") and Hong Kong Exchanges and Clearing Limited and Central Moneymarkets Unit ("**CMU**").

The Bond Connect scheme is designed to be efficient and more convenient for offshore investors at an operational level, by using familiar trading interfaces of established electronic platforms without requiring investors to engage an onshore settlement agent. Orders are executed electronically with any of the eligible onshore participating dealers who are recognized by CFETS. Cash is exchanged offshore in Hong Kong. The infrastructure contemplates two-way access between Hong Kong and Mainland China. Eligible foreign investors can invest through Hong Kong into the CIBM (generally referred to as "**Northbound Trading Link**"). Eligible foreign investors utilising Bond Connect are required to appoint the CFETS or other institutions recognised by the People's Bank of China ("**PBOC**") as registration agents to apply for registration with the PBOC.

The Northbound Trading Link under Bond Connect adopts a multi-layered custody arrangement whereby CCDC/SHCH performs the primary settlement function as the ultimate central securities depository, which handles bond custody and settlement for the CMU in China. The CMU is the nominee holder of CIBM bonds acquired by overseas investors via the Northbound Trading Link. The CMU handles custody and settlement for the accounts opened with it for the beneficial ownership of those overseas investors.

Under the multi-layered custody arrangement of Bond Connect:

1) the CMU acts as "nominee holder" of CIBM bonds; and
2) overseas investors are the "beneficial owners" of CIBM bonds through CMU members.

Overseas investors invest through offshore electronic trading platforms where trade orders are executed on CFETS, CIBM's centralised electronic trading platform, between investors and onshore participating dealers.

Under the multi-layered custody arrangement, while the distinct concepts of "nominee holder" and "beneficial owner" are generally recognized under relevant Mainland China regulations, the application of such rules is untested, and there is no assurance that Mainland China courts will recognise such rules, e.g. in liquidation proceedings of Mainland China companies or other legal proceedings.

Under Bond Connect, bond issuers and trading of CIBM bonds are subject to the market rules in China. Any changes in laws, regulations and policies of the China bond market or rules in relation to Bond Connect may affect prices and liquidity of the relevant bonds, and a Sub-Fund's investment in the relevant bonds may be adversely affected.

Risks associated with the Stock Connect

Stock Connect is a securities trading and clearing linked programme developed by the Stock Exchange of Hong Kong ("**SEHK**"), the Shanghai Stock Exchange ("**SSE**"), the Shenzhen Stock Exchange ("**SZSE**") and the China Securities Depository and Clearing Corporation ("**ChinaClear**"), with an aim to achieve mutual stock market access between Mainland China and Hong Kong. It comprises the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect.

Each of the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect comprises a Northbound Trading Link and a Southbound Trading Link. Under the Northbound Trading Link, investors, through their Hong Kong brokers who are eligible participants of the Stock Connect, may be able to place orders to trade eligible securities listed on the SSE or the SZSE by routing orders to the SSE or the SZSE (as the case may be). Under the Southbound Trading Link, eligible investors, through Mainland Chinese securities firms who are eligible participants of the Stock Connect, may be able to place orders to trade eligible securities listed on the SEHK by routing orders to the SEHK.

All Hong Kong and overseas investors may be allowed to trade SSE-listed securities and SZSE-listed securities (as described below) through the Stock Connect (through the Northbound trading link), subject to rules and regulations issued from time to time.

The following summary presents some key points about the Northbound trading link (which may be utilized by the relevant Sub-Fund to invest in Mainland China):

<u>Eligible securities</u>
Among the different types of SSE-listed securities and SZSE-listed securities, only China A-shares and ETF are currently permitted for Northbound trading under the Stock Connect. Currently, Hong Kong and overseas investors are allowed to trade certain securities listed on the SSE market ("**SSE Securities**") and the SZSE market (the "**SZSE Securities**").

SSE Securities include all the constituent stocks from time to time of the SSE 180 Index and SSE 380 Index, and all the SSE-listed China A-shares that are not included as constituent stocks of the relevant indices but which have corresponding China H-shares listed on the SEHK, except the following:

a) SSE-listed shares which are not traded in RMB; and
b) SSE-listed shares which are under "risk alert".

SZSE Securities include all the constituent stocks of the SZSE Component Index and the SZSE Small/Mid Cap Innovation Index which have a market capitalisation of not less than RMB 6 billion, and all the SZSE-listed China A-Shares which have corresponding H shares listed on SEHK, except the following:

a) SZSE-listed shares which are not traded in RMB; and
b) SZSE-listed shares which are under "risk alert" or under delisting arrangement.

In addition, Hong Kong and overseas investors are able to trade eligible SSE-listed and SZSE-listed ETF that satisfy the relevant criteria at a regular review and are accepted as eligible ETFs for Northbound trading in Stock Connect. Regular reviews will be performed to determine the eligible ETF for Northbound trading every six months.

The list of eligible securities may be changed subject to the review and approval by the relevant Mainland Chinese regulators from time to time.

Trading day

Due to differences in public holidays between Hong Kong and Mainland China, there may be differences in the trading days in the two markets. Even if the Mainland China markets are open on a certain day, the Sub-Fund may not necessarily be able to invest in SSE Securities and/or SZSE Securities through Northbound trading. For example, the Hong Kong market will close on Easter and Christmas every year, but those are trading days in Mainland China. Likewise, during Lunar New Year and the National Day golden week periods, Mainland China will usually arrange for seven-day consecutive holidays by reshuffling workdays and weekends. Even on days both markets are scheduled to be open for business, there could be differences because of other reasons such as typhoon number 8 signal in Hong Kong. Investors (including the relevant Sub-Fund) will only be allowed to trade on the other market on days where both markets are open for trading, and banking services are available in both markets on the corresponding settlement days.

Trading quota

Trading under the Stock Connect will be subject to a daily quota ("**Daily Quota**"), which will be separate for Northbound and Southbound trading, for each of the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect. The Daily Quota limits the maximum net buy value of cross-boundary trades under the Stock Connect each day. The quotas do not belong to any Sub-Fund and are utilised on a first-come-first-serve basis. The SEHK monitors the quota and publishes the remaining balance of the Northbound Daily Quota at scheduled times on the HKEX's website.

Settlement and Custody

The Hong Kong Securities Clearing Company Limited ("**HKSCC**"), a wholly owned subsidiary of SEHK, will be responsible for the clearing, settlement and the provision of depository, nominee and other related services of the trades executed by Hong Kong market participants and investors.

The SSE Securities and SZSE Securities traded through the Stock Connect are issued in scripless form, so investors will not hold any physical shares. Investors do not hold SSE Securities or SZSE Securities directly – these are held through their brokers' or custodians' accounts with the Central Clearing and Settlement System ("**CCASS**"), operated by HKSCC.

Corporate actions and shareholders' meetings

Notwithstanding the fact that HKSCC does not claim proprietary interests in the SSE Securities or SZSE Securities held in its omnibus stock account in ChinaClear, ChinaClear as the share registrar for SSE Securities and SZSE Securities will still treat the HKSCC as one of the shareholders when it handles corporate actions in respect of such SSE Securities or SZSE Securities. HKSCC will monitor the corporate actions affecting SSE Securities or SZSE Securities and keep the relevant CCASS participants informed of all such corporate actions that require CCASS participants to take steps in order to participate in them.

Currency

Hong Kong and overseas investors will trade and settle SSE Securities and SZSE Securities in RMB only. Hence, the Sub-Fund will need to use its RMB funds to trade and settle SSE Securities and SZSE Securities.

Trading fees and taxes

In addition to paying trading fees and stamp duties in connection with the trading of SSE Securities and/or SZSE Securities, the relevant Sub-Fund may be subject to other fees and taxes concerned with income arising from transfers of stocks or ETF which are determined by the relevant authorities.

Coverage of Investor Compensation Fund

Since the relevant Sub-Fund is carrying out Northbound trading through securities brokers in Hong Kong but not brokers in Mainland China, it is not protected by the China Securities Investor Protection Fund (中國證券投資者保護基金) in Mainland China.

Further information about the Stock Connect is available at the website: https://www.hkex.com.hk/mutual-market/stock-connect?sc_lang=en. (Please note that this website has not been reviewed by the SFC.)

A Sub-Fund which invests via the Stock Connect may be subject to the following risks.

- *Quota limitations risk*

  The Stock Connect is subject to quota limitations. In particular, once the remaining balance of the Northbound Daily Quota drops to zero or the Northbound Daily Quota is exceeded during the opening call session, new buy orders will be rejected (though investors will be allowed to sell their cross-boundary securities regardless of the quota balance). Therefore, quota limitations may restrict a Sub-Fund's ability to invest in the eligible securities through the Stock Connect on a timely basis, and the Sub-Fund may not be able to effectively pursue its investment strategies.

- *Front-end monitoring risk*

  Mainland China regulations require that in order for an investor to sell any SSE Securities and/or SZSE Securities on a certain trading day, there must be sufficient SSE Securities or SZSE Securities (as the case may be) in the investor's account before market opens on that day. If there are insufficient SSE Securities or SZSE Securities in the investor's account, the sell order will be rejected by the SSE or the SZSE. The SEHK carries out pre-trade checking on SSE Securities and SZSE Securities sell orders of its participants (i.e. stock brokers) to ensure that this requirement is satisfied. This means that investors must transfer SSE Securities and SZSE Securities to the accounts of its brokers before the market opens on the day of selling (the "trading day"). If an investor fails to meet this deadline, it will not be able to sell SSE Securities or SZSE Securities on the relevant trading day. Because of this requirement, investors may not be able to dispose of holdings of SSE Securities or SZSE Securities in a timely manner. This also raises concerns as to counterparty risks as securities may need to be kept by brokers overnight.

  To facilitate investors whose SSE Securities or SZSE Securities are maintained with custodians to sell their SSE Securities or SZSE Securities without having to pre-deliver the SSE Securities or SZSE Securities from their custodians to their executing brokers, the SEHK introduced an enhanced pre-trade checking model in March 2015, under which an investor may request its custodian to open a Special Segregated Account ("**SPSA**") in CCASS to maintain its holdings in SSE Securities and SZSE Securities. Such investors only need to transfer SSE Securities or SZSE Securities from its SPSA to its designated broker's account after execution and not before placing the sell order. If the relevant Sub-Fund is unable to utilise this model, it would have to deliver SSE Securities or SZSE Securities to brokers before the trading day and the above risks may still apply.

- *Suspension risk*

  It is contemplated that SEHK, SSE and SZSE would reserve the right to suspend Northbound and/or Southbound trading if necessary for ensuring an orderly and fair market and that risks are managed prudently. Consent from the relevant regulator would be sought before a suspension is triggered. Where a suspension in the Northbound trading through Stock Connect is effected, a Sub-Fund's ability to access the Mainland China markets will be adversely affected.

- *Differences in trading day risk*

  The Stock Connect only operates on days when both the Mainland China and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the Mainland China markets but Hong Kong investors (such as the relevant Sub-Fund) cannot carry out any trading via the Stock Connect. A Sub-Fund may be subject to a risk of price fluctuations in the relevant securities during the time when Stock Connect is not trading as a result.

- *Operational risk*

  The Stock Connect provides a channel for investors from Hong Kong and overseas to access the Mainland China stock markets directly.

  The Stock Connect is premised on the functioning of the operational systems of the relevant market participants. Market participants are able to participate in this programme subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house. Although market participants have taken steps to configure and adapt their operational and technical systems to meet such requirements, given that the securities regimes and legal systems of the two markets differ significantly, market participants may need to address issues arising from the differences on an on-going basis.

  Further, the "connectivity" in the Stock Connect requires routing of orders across the border. This requires the development of new information technology systems on the part of the SEHK and exchange participants. There is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems failed to function properly, trading in both markets through the programme could be disrupted. A Sub-Fund's ability to access the Mainland China market (and hence to pursue its investment strategy) will be adversely affected.

- *Recalling of eligible securities*

  When a security is recalled from the scope of eligible securities for trading via the Stock Connect, the security can only be sold but restricted from being bought. This may affect the investment portfolio or strategies of a Sub-Fund, for example, when the Manager wishes to purchase a security which is recalled from the scope of eligible securities.

- *Clearing and settlement risk*

  The HKSCC and ChinaClear establish clearing links and each has become a participant of each other to facilitate clearing and settlement of cross-boundary trades. For cross-boundary trades initiated in a market, the clearing house of that market will on one hand clear and settle with its own clearing participants, and on the other hand undertake to fulfil the clearing and settlement obligations of its clearing participants with the counterparty clearing house.

Should the remote event of ChinaClear default occur and ChinaClear be declared as a defaulter, HKSCC's liabilities in Northbound trades under its market contracts with clearing participants will be limited to assisting clearing participants in pursuing their claims against ChinaClear. HKSCC will in good faith seek recovery of the outstanding securities and monies from ChinaClear through available legal channels or through the ChinaClear's liquidation. In that event, the relevant Sub-Fund may suffer delay in the recovery process or may not be able to fully recover its losses from ChinaClear.

- *Participation in corporate actions and shareholders' meetings*

  The HKSCC will keep CCASS participants informed of corporate actions of SSE Securities and SZSE Securities. Where the articles of association of a listed company do not prohibit the appointment of proxy/multiple proxies by its shareholder, HKSCC will make arrangements to appoint one or more investors as its proxies or representatives to attend shareholders' meetings when instructed. Further, investors (with holdings reaching the thresholds required under the PRC regulations and the articles of associations of listed companies) may, through their CCASS participants, pass on proposed resolutions to listed companies via HKSCC under the CCASS rules. HKSCC will pass on such resolutions to the companies as shareholder on record if so permitted under the relevant regulations and requirements. Hong Kong and overseas investors (including the relevant Sub-Fund) are holding SSE Securities and SZSE Securities traded via the Stock Connect through their brokers or custodians, and they will need to comply with the arrangement and deadline specified by their respective brokers or custodians (i.e. CCASS participants). The time for them to take actions for some types of corporate actions of SSE Securities and SZSE Securities may be very short. Therefore, it is possible that the relevant Sub-Fund may not be able to participate in some corporate actions in a timely manner.

- *No protection by China Securities Investor Protection Fund risk*

  Investment through the Stock Connect is conducted through broker(s), and is subject to the risks of default by such brokers in their obligations. Since a Sub-Fund is carrying out Northbound trading through securities brokers in Hong Kong but not brokers in Mainland China, it is not protected by the China Securities Investor Protection Fund (中國證券投資者保護基金) in Mainland China.

- *Regulatory risk*

  The Stock Connect is subject to regulations promulgated by regulatory authorities and implementation rules made by the stock exchanges in Mainland China and Hong Kong. Further, new regulations may be promulgated from time to time by the regulators in connection with operations and cross-border legal enforcement in connection with cross-border trades under the Stock Connect.

  It should be noted that the regulations are untested and there is no certainty as to how they will be applied, and are subject to change. There can be no assurance that the Stock Connect will not be abolished or amended. The relevant Sub-Fund, which may invest in the Mainland China markets through the Stock Connect, may be adversely affected as a result of such changes.

Risks associated with investments made through QFI regime

Under the current Mainland Chinese regulations, foreign investors outside Mainland China can generally invest in the Mainland China securities and futures markets through certain qualified foreign investors including those that have obtained the status as QFI approved by the China Securities Regulatory Commission ("**CSRC**") and have registered with the State Administration of Foreign Exchange ("**SAFE**") to remit offshore RMB (in case of an RQFII) and/or foreign currencies which can

be traded on the China Foreign Exchange Trade System (in case of a QFII) into Mainland China for the purpose of investing in the Mainland China's domestic securities and futures markets.

A Sub-Fund may obtain exposure to onshore Mainland China debt securities and China A-shares by using the QFI status of the Manager. According to the current QFI regulations, a QFI is allowed to appoint multiple custodians ("**Mainland China Custodian**") to hold onshore Mainland China assets invested by the relevant Sub-Fund through the QFI, pursuant to the relevant Mainland Chinese laws and regulations.

All assets of the relevant Sub-Fund located in Mainland China will be held by the Mainland China Custodian for such Sub-Fund in accordance with the terms of the relevant agreements and the applicable Mainland Chinese regulations.

- *QFI status risks*

  Investors should note that QFI status could be suspended or revoked, which may have an adverse effect on the relevant Sub-Fund's performance as it may be required to dispose of its securities holdings. Investors should note that there can be no assurance that a QFI will continue to maintain its QFI status.

  The rules and restrictions under QFI regulations generally apply to the QFI as a whole and not simply to the investments made by the relevant Sub-Fund. Relevant Mainland Chinese regulators are vested with the power to impose regulatory sanctions if the QFI or the Mainland China Custodian violates any provision of the QFI regulations. Any violations could result in the revocation of the QFI's status or other regulatory sanctions and may adversely impact on the Manager's ability to effectively pursue the investment strategy of the relevant Sub-Fund.

- *QFI regulatory risks*

  The current QFI laws, rules and regulations are subject to change, which may have potential retrospective effect causing an adverse effect on investors' investment in the relevant Sub-Fund. In addition, there can be no assurance that the QFI laws, rules and regulations will not be abolished or substantially modified due to policy changes in Mainland China. A Sub-Fund, which intends to invest in the Mainland China securities markets through the QFI, may be adversely affected as a result of any such changes.

  QFI rules are subject to changes and their application may depend on the interpretation given by the relevant Chinese authorities. Any changes to the relevant rules may have an adverse impact on investors' investment in the Sub-Fund. In the worst scenario, the Manager may determine that the Sub-Fund shall be terminated if it is not legal or commercially viable to operate the Sub-Fund because of changes to the application of the relevant rules.

- *QFI investment and repatriation restrictions risks*

  Certain restrictions imposed by the Mainland Chinese government on QFI may have an adverse effect on the relevant Sub-Fund's liquidity and performance. The PBOC and the SAFE regulate and monitor the repatriation of funds out of Mainland China by the QFI pursuant to the QFI regulations. Repatriations by QFI in respect of the relevant Sub-Fund are currently not subject to any lock-up periods, or prior approval, although a review on authenticity and compliance will be conducted on each remittance and repatriation by the Mainland China Custodian. The repatriation process may be subject to certain requirements set out in the relevant regulations (e.g. submission of certain documents), and completion of the repatriation process may be subject to delay. There is no assurance, however, that Mainland Chinese rules and regulations will not change or that repatriation restrictions will not be imposed in the future. Any restrictions on repatriation of the

invested capital and net profits may adversely impact on the relevant Sub-Fund's ability to meet redemption requests from the Shareholders. Furthermore, as the Mainland China Custodian's review on authenticity and compliance is conducted on each repatriation, the repatriation may be delayed or even rejected by the Mainland China Custodian in case of non-compliance with the QFI rules and regulations. In such case, it is expected that redemption proceeds will be paid to the redeeming Shareholder as soon as practicable and after the completion of the repatriation of funds concerned. It should be noted that the actual time required for the completion of the relevant repatriation will be beyond the Manager's control.

Investors should note that redemption requests may not be processed in a timely manner due to repatriation restrictions or adverse changes in relevant laws or regulations of Mainland China. The aforementioned restrictions may respectively result in a rejection of applications and a suspension of dealings of the relevant Sub-Fund. In extreme circumstances, the relevant Sub-Fund may incur significant losses due to limited investment capabilities, or may not be able to fully implement or pursue its investment objective or strategy, due to QFI investment restrictions, illiquidity of the Chinese domestic securities market, and/or delay or disruption in execution of trades or in settlement of trades.

- *Cash deposited with the Mainland China Custodian*

  Investors should note that cash deposited in the cash accounts of the relevant Sub-Fund with the Mainland China Custodian will not be segregated but will be a debt owing from the Mainland China Custodian to the relevant Sub-Fund as a depositor. Such cash will be co-mingled with cash that belongs to other clients or creditors of the Mainland China Custodian. In the event of bankruptcy or liquidation of the Mainland China Custodian, the relevant Sub-Fund will not have any proprietary rights to the cash deposited in such cash accounts, and such Sub-Fund will become an unsecured creditor, ranking equally with all other unsecured creditors, of the Mainland China Custodian. The relevant 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 such Sub-Fund will suffer.

- *Mainland China broker risks*

  The execution and settlement of transactions or the transfer of any funds or securities may be conducted by Mainland China brokers appointed by the QFI. There is a risk that a Sub-Fund may suffer losses from the default, bankruptcy or disqualification of the Mainland China brokers. In such event, the relevant Sub-Fund may be adversely affected in the execution or settlement of any transaction or in the transfer of any funds or securities.

  In selection of Mainland China brokers, the QFI will have regard to factors such as the competitiveness of commission rates, size of the relevant orders and execution standards. If the QFI considers appropriate, it is possible that a single Mainland China broker will be appointed and the relevant Sub-Fund may not necessarily pay the lowest commission available in the market.

Mainland China tax risk

A Sub-Fund may invest in onshore Mainland China investment (including debt instruments and China A-shares) through QFI. As the QFI is the legal owner of such onshore Mainland China investment under Mainland Chinese law, any onshore Mainland China taxes arising from the QFI's investments in such onshore Mainland China investment would be legally borne by the QFI directly. Given that any Mainland China tax liabilities accruing to the QFI in respect of the onshore Mainland China investment arise because of the trading activities of the relevant Sub-Fund, such tax liabilities may ultimately be recharged to and borne by such Sub-Fund.

Corporate income tax ("**CIT**")

The Manager intend to manage and operate each Sub-Fund in such a manner that the relevant Sub-Fund should not be treated as tax resident enterprises of Mainland China or non-tax resident enterprises with an establishment or place of business ("**PE**") in Mainland China for CIT purposes, although this cannot be guaranteed. As such, it is expected that the Company or the Sub-Funds should not be subject to CIT on an assessment basis and would only be subject to CIT on a withholding basis ("**WIT**") to the extent the Company or the Sub-Funds directly derive PRC sourced income.

Dividend income and interest income from onshore Mainland China investment
Under current Mainland China tax laws and regulations, a withholding tax of 10% is applicable on cash dividends, distributions and interest from the onshore Mainland China investment to non-PRC tax resident enterprises without a PE in Mainland China, unless exempt or reduced under current Mainland China tax laws and regulations or relevant tax treaties. The entity distributing such dividends or interest is required to withhold such tax.

Interest income derived from government bonds issued by the Ministry of Finance ("**MOF**"), or bonds issued by local government of a province, autonomous region, municipality directly under the Central Government, or municipality separately listed on the state plan, as approved by the State Council, is exempt from Mainland China WIT.

Pursuant to the "Circular on the Corporate Income Tax and Value-Added Tax Policy for Foreign Institutions to Invest in the Onshore Bond Market" (Caishui [2018] No.108) ("Circular 108") jointly issued by the MOF and the State Taxation Administration ("**STA**") of Mainland China on 22 November 2018, bond interest income derived by foreign institutions from investing in the onshore debt securities market is temporarily exempted from CIT for the period from 7 November 2018 to 6 November 2021. The exemption was further extended to 31 December 2025 pursuant to the Bulletin [2021] No. 34 issued jointly by the MOF and STA on 22 November 2021. On 13 January 2026, the MOF and STA jointly published the Announcement [2026] No. 5, which further extends the CIT exemption on interest income to 31 December 2027. However, it is uncertain whether this temporary exemption will be further extended after expiration.

Capital gains derived from onshore Mainland China investment

On 31 October 2014, the MOF, the CSRC and the STA in the PRC, acting with State Council's approval, jointly released Caishui [2014] No. 79 ("**Circular 79**") which temporarily exempts QFI from tax on capital gains derived from the trading of shares and other equity investments on or after 17 November 2014. However, any gains realized prior to 17 November 2014 would be subject to tax in accordance with law. The MOF, the CSRC and the STA also released Caishui [2014] No.81 ("**Circular 81**") on 31 October 2014 and Caishui [2016] No. 127 ("**Circular 127**") on 5 November 2016, which temporarily exempt PRC tax on capital gains derived by investors in the Hong Kong market from the trading of China A-shares via the Stock Connect.

Circular 79 is silent on whether and how CIT will be imposed on gains derived by non-resident enterprises from the trading of onshore Mainland China debt securities. Based on the current interpretation of the STA and the local tax authorities, gains derived by QFI from investment in onshore Mainland China debt securities should not be treated as Mainland China sourced income thus should not be subject to Mainland China WIT.

Based on professional and independent tax advice, currently, none of the Sub-Funds intends to make tax provision for capital gains derived by the Sub-Funds from disposal of onshore Mainland China investment (including debt instruments and China A-shares), but this may be subject to change in the future. Any shortfall between the provisions (if any) and the actual tax liabilities, which will be debited from a Sub-Fund's assets, will adversely affect such Sub-Fund's Net Asset Value. The actual tax

liabilities may be lower than the tax provision made. Depending on the timing of the 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).

Due to the temporary nature of the tax exemption rule on capital gains, the Manager will keep its provisioning policy for capital gains tax liability under review, and may, in its discretion from time to time (in consultation with the Directors), make provision for potential tax liabilities if, in their opinion such provision is warranted. Any provision would have the effect of reducing the Net Asset Value of the relevant Sub-Fund. In the event that the Company or the relevant Sub-Fund is required to make payments reflecting tax liabilities for which no provision has been made, the Net Asset Value of the relevant Sub-Fund may decrease substantially, without notice.

Prospective investors should consult their independent tax advisors regarding the possible tax implications arising from investment in the Company and the relevant Sub-Fund.

Value-added Tax ("**VAT**") and other surtaxes

Caishui [2005] 155, which was issued under the PRC Business Tax ("**BT**") regime, stated that gains derived by QFI from the trading of PRC marketable securities (including China A-shares) are exempt from BT. With the issuance of Caishui [2016] 36 ("**Circular 36**"), financial services (including the transfer of financial products), which were subject to BT, are subject to PRC Value-Added Tax ("**VAT**") from 1 May 2016. Under the VAT regime, the abovementioned BT exemption granted to QFI with respect to gains realized from the trading of PRC marketable securities has been grandfathered i.e. QFI continue to enjoy exemption on gains under the VAT regime. According to Circular 36 and Caishui [2016] 70, gains realised by QFII/RQFII from the trading of PRC securities in the PRC are exempt from VAT.

Interest income received by QFI from investments in onshore Mainland China debt securities shall be subject to 6% VAT unless special exemption applies. According to the Circular 36 and Caishui [2016] No. 46, deposit interest income is not subject to VAT and interest income earned on government bonds is exempted from VAT. According to Announcement [2025] No. 4 published by MOF and STA on 31 July 2025, VAT is reinstated on interest income from newly issued government bonds, local government bonds, and financial bonds issued on or after 8 August 2025.

Pursuant to Circular 108 jointly issued by the MOF and the STA on 7 November 2018, the bond interest income derived by foreign institutions investing in the onshore Mainland China debt securities markets is temporarily exempted from VAT for the period from 7 November 2018 to 6 November 2021. The exemption was further extended to 31 December 2025 pursuant to the Bulletin [2021] No. 34 issued jointly by the MOF and STA on 22 November 2021. On 13 January 2026, the MOF and STA jointly published the Announcement [2026] No. 5, which further extends the VAT exemption on interest income to 31 December 2027. However, it is uncertain whether this temporary exemption will be further extended after expiration.

Dividend income or profit distributions on equity investment derived from Mainland China are not included in the taxable scope of VAT.

If VAT is applicable, there could be 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.

There is a possibility of the Mainland China rules, regulations and practice being changed and taxes being applied retrospectively. Any tax provision made by the Manager in respect of the Company and the relevant Sub-Fund may be more than or less than their respective actual tax liabilities, which may potentially cause substantial loss to the Company and the relevant Sub-Fund. The Manager will closely

monitor any further guidance by the Mainland Chinese tax authorities and adjust the withholding policy of the Company accordingly.

If it is subsequently determined that Mainland China tax is payable and that no Mainland China tax has been provisioned for, investors should note that the Net Asset Value of the relevant Sub-Fund may fall significantly as such Sub-Fund will have to bear the tax liabilities. If the relevant Sub-Fund had made a Mainland China tax provision, upon the availability of a definitive tax assessment or the issue of announcements or regulations by the competent authorities promulgating definitive tax assessment rules, any sums withheld in excess of the tax liability incurred or is expected to be incurred by the relevant Sub-Fund shall be released and transferred to the relevant Sub-Fund's accounts forming part of its assets. It should also be noted that the actual applicable tax amount imposed on the income and/or gains derived from investment held by the relevant Sub-Fund may be different and may change from time to time due to the uncertainties under the applicable Mainland China tax laws and the possibility of such laws being changed and taxes being applied retrospectively. As such, the amount of such provisions (if any) may not be sufficient to meet the actual tax liabilities. With the uncertainties under the applicable Mainland China tax laws and the possibility of such laws being changed and taxes being applied retrospectively, any provision for taxation made by the Manager may be excessive or inadequate to meet actual Mainland China tax liabilities on income and/or gains derived from investments held by the relevant Sub-Fund. Consequently, investors may be advantaged or disadvantaged depending upon the final outcome of how such income and/or gains will be taxed, the level of provision and when they subscribed and/or realized their Shares in/from the relevant Sub-Fund.

Various tax reform policies have been implemented by the Mainland Chinese 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 Mainland China 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 Company and the relevant Sub-Fund. Prospective investors should consult their independent tax advisors regarding the possible tax implications arising from investment in the Company and the relevant Sub-Fund.

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.

Euro and European Union related risks

Certain Sub-Funds may have investment exposure to Europe and the Eurozone. In light of ongoing concerns on the sovereign debt risk of certain countries within the Eurozone, the relevant Sub-Fund's investments in the region may be subject to higher volatility, liquidity, currency and default risks. Any adverse events, such as credit downgrade of a sovereign or exit of European Union members from the Eurozone, may have a negative impact on the Net Asset Value of the relevant Sub-Fund.

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

While the Custodian and sub-custodians are subject to various laws and regulations designed to protect their customers from the consequences of liquidation, bankruptcy or insolvency of the Custodian and sub-custodians, the actual extent of such protection may be limited due to uncertainties and contractual carve-outs. Besides, cash held with the Custodian or sub-custodians (where appointed) may not be segregated and may not be recoverable in case of liquidation, bankruptcy or insolvency of the Custodian and sub-custodians. Investors may assume that liquidation, bankruptcy or insolvency of the Custodian or sub-custodians would result in the loss of all or a substantial portion of the Company and the Sub-Funds' assets held by such Custodian or sub-custodians.

Further, 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 the 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 Shares. 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 the Sub-Funds investing in structured products when compared to a fund investing directly in similar assets. Besides, many derivatives 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 the 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.

Currency hedging risk

Where a Sub-Fund has classes of Shares hedged to a currency other than the Base Currency of the relevant Sub-Fund (each a "**Currency Hedged Class**"), the relevant Sub-Fund is also subject to currency hedging risk. Please refer to the risk factor "Hedging risk" under this section.

Where the Sub-Fund enter into the hedging transactions, the costs of the hedging transactions will be reflected in the Net Asset Value of the Currency Hedged Class of Shares and therefore, an investor of such Currency Hedged Class of Shares will 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 Currency Hedged Class of Shares may be exposed to currency exchange risk on an unhedged basis and may therefore suffer further losses.

While hedging strategies may protect investors in the Currency Hedged Class of Shares against a decrease in the value of the Sub-Fund's base currency relative to the class currency of the Currency Hedged Class of Shares, it may also preclude investors from benefiting from an increase in the value of the Sub-Fund's base currency.

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 a Sub-Fund and the fair value of its assets. To protect the interest of investors, the Manager may, after consultation with the Custodian, adjust the Net Asset Value of such Sub-Fund or the Shares, if in the circumstances it considers that such adjustment is required to reflect more accurately the fair value of its 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.

Pricing adjustments risk

Subscriptions or redemptions may dilute a Sub-Fund's assets due to dealing and other costs associated with the trading of underlying securities. In order to counter this impact, adjustment of prices to reflect fiscal charges and bid-ask spread may be made to protect the interests of Shareholders. Consequently, investors will subscribe (realise) at a higher Issue Price (lower Redemption Price). Investors should note that the occurrence of events which may trigger adjustment of prices is not predictable. It is not possible to accurately predict how frequent such adjustments of prices will need to be made. Adjustments may be greater than or less than the actual charges incurred. If the adjustments made are less than the actual charges incurred, the difference will be borne by the Sub-Fund. Investors should also be aware that adjustment of prices may not always, or fully, prevent the dilution of the Sub-Fund's assets.

Restricted markets risk

A Sub-Fund may invest in securities in jurisdictions (including Mainland 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.

Risks associated with Securities Financing Transactions

A Sub-Fund which engages in Securities Financing Transactions will be subject to the following risks:

<u>Risks relating to Securities Lending Transactions</u>

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.

<u>Risks relating to Sale and Repurchase Transactions</u>

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 relevant 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, 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, such 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, such 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 Financing 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 such Sub-Fund to the securities lending counterparty at the conclusion of the securities lending contract. Such 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 such 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, such Sub-Fund will assume market risk in respect of such investments.

Distributions out of/effectively out of capital 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 Directors 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 Shares.**

Where a Sub-Fund has Accumulation Classes, the Directors do 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 Shares 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 Shares.

Risk of termination

The Company or a Sub-Fund may be terminated in certain circumstances which are summarised under the section "***General information - Termination of the Company, a Sub-Fund or a Class***", including where the asset size falls below the threshold disclosed in such section. In the event of the termination of a Sub-Fund, such Sub-Fund would have to distribute to the Shareholders 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 Shareholders. 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.

Cross-Sub-Fund liability

Multiple Sub-Funds may be established under the Company. While there are statutory provisions for segregated liability between the Sub-Funds, the concept of segregated liability is untested. Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known how or if those foreign courts will give effect to such statutory provisions. However, the assets of that Sub-Fund may not be used to satisfy the liabilities of another Sub-Fund.

Cross-Class liability

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

Creation of Sub-Funds or new Classes of Shares

Additional Sub-Funds or additional Classes of Shares which may have different terms of investment may be established in the future without the consent of, or notification to existing Shareholders. 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 does 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-U.S.) financial institutions ("**FFI**"), such as the Company and its Sub-Funds, including interest and dividends from securities of US issuers and gross proceeds from the sale of such securities. 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 U.S. persons (under the definition in the IRS Code) with direct or indirect interests in such payments. To avoid the 30% withholding tax under FATCA, certain FFIs, such as the Company and its Sub-Funds (and, generally, other investment funds organised outside the U.S.), 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 U.S. persons and report certain tax documentation or information concerning such U.S. 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 U.S. 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.

In addition, starting from 1 January 2019, gross proceeds from the sale or other disposition of certain property, such as sales proceeds of property and returns of principal derived from stocks and debt obligations generating U.S. source dividends or interest, will also be treated as "withholdable payments." Moreover, it is expected that a 30% withholding tax on foreign passthru payments will commence at the later of 1 January 2019 or the date of the publication of the relevant regulations defining the term foreign passthru payment.

The Hong Kong government has entered into a Model 2 intergovernmental agreement ("**IGA**") with the U.S. for the implementation of FATCA. Under such Model 2 IGA, FFIs in Hong Kong (such as the Company and its Sub-Funds) would be required to register with the IRS and comply with the terms of 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 Company and the Sub-Funds) complying with the terms of an 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 Company and the Sub-Fund(s) with a GIIN of ZLHM3R.99999.SL.344 and has agreed to perform, on behalf of the sponsored entities, all due diligence, withholding, reporting and other FATCA-related requirements. The Company and the Sub-Fund(s) are considered as sponsored entities of the Manager and will be regarded as Non-Reporting Hong Kong FFI and treated as a registered deemed-compliant FFI.

The Company and the Manager will endeavour to satisfy the requirements imposed under FATCA to avoid any withholding tax. In the event that the Company and/or any Sub-Fund is not able to comply with the requirements imposed by FATCA and the Company 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 Company and/or that Sub-Funds may be adversely affected and the Company and/or such Sub-Fund may suffer significant loss as a result.

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

Each Shareholder and prospective investor should consult to the extent deemed appropriate by the Shareholder and prospective investor, with his or her own tax advisor as to the potential impact of FATCA on his or her own tax situation and the potential impact on the Company and the Sub-Funds.

Conflicts of interest; other activities of the Manager

Various potential and actual conflicts of interest may arise from the business 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; act as financial adviser, counterparty or otherwise provide services to the issuer of instruments invested by the relevant Sub-Fund; have a material interest in the issue of the instruments invested by the relevant Sub-Fund; or earn profits from or have a financial or business interest in any of these activities. For more information, please refer to the section headed "***General information - Conflicts of interest***".

Effect of substantial redemptions

Substantial redemptions by Shareholders within a short period of time could require a 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.

Indemnification of the Company's Directors, service providers etc.

The Company's Directors, Manager, Administrator, Custodian, Auditors and its other service providers, and their respective affiliates, are entitled to be indemnified in certain circumstances. As a result, there is a risk that the Company's assets will be used to indemnify such persons, companies or their employees or to satisfy their liabilities as a result of their activities in relation to the Company.

Reliance on management

The Company's performance is largely dependent on the continuation of an agreement with the Manager and the services and skills of its delegates and their respective officers and employees. The loss of the Manager's services or its delegates' (or of any of their respective key personnel) could materially and negatively impact the value of the Company.

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.

Risk management risk

The Manager intends to apply a risk management approach that it believes is appropriate to the risk profiles of the Sub-Funds. The application of any risk management approach involves numerous judgments and qualitative assessments. No risk management system is fail-safe, and no assurance can be given that the Sub-Funds' control framework will achieve its objectives. From time to time, without notice to Shareholders, the Manager may modify or change the risk management system and procedures with respect to the Sub-Funds, where appropriate.

System risk

The Company relies to a significant extent on computer systems and software used by the Manager and other service providers to develop and execute investment strategies, analyze investment opportunities, value the Sub-Funds' assets, execute and settle trades, and conducting risk and operational controls. Such systems and software may be subject to errors, defects, interruptions or failure. In the event of such malfunction, the Company may incur significant losses to the extent its or its service providers' ability to evaluate, make, hold, monitor, or dispose of investments, or to monitor risks and operations is adversely affected. The Manager may not be in a position to verify the accuracy of the operation or

results of the systems used by it or other service providers and may rely on erroneous computations or data, causing losses to the Company. The Manager and other service providers are generally not liable to the Company for such system malfunction unless caused by their own gross negligence, willful default or fraud.

Operational risk

The Company relies on the Manager to establish appropriate systems and procedures to control operational risks relating to the management of the business of the Company, including evaluation, making, holding, monitoring and divesting of investments, the valuation of the Sub-Funds' assets, the making up of the Company's books and accounts. The Company is dependent on being able to monitor, process and book a large number of transactions and positions on a daily basis and relies heavily on the accuracy, integrity and continuous operation of its financial and data processing systems. Errors or failures occurring in the operation of the Company may cause it to suffer significant disruption as well as liability to third parties or other financial losses.

Sustainability Risks

The Sub-Funds may be exposed to sustainability risks from time to time. A sustainability risk refers to an environmental, social or governance event or condition that could cause an actual or a potential material negative impact on the value of investments. The universe of sustainability events or conditions is very broad, and their relevance, materiality and impact on investments will depend on a number of factors such as asset location and/or sector. Depending on the circumstances, examples of sustainability risks can include but are not limited to physical environmental risks, climate change transition risks, supply chain disruptions, improper labour practices, lack of board diversity and corruption. If they materialise, sustainability risks can reduce the value of a Sub-Fund and could have a material impact on the performance and returns of the relevant Sub-Fund.

The Manager may integrate the review of sustainability risks into the investment process, as relevant, to the nature and risk of investment opportunities, by reference to factors such as location and/or sector.

Climate-related Risks

The underlying companies in which a Sub-Fund invests may have investments that are located in areas which are subject to climate-related risks. Any investments located in coastal regions may be affected by any future increases in sea levels or in the frequency or severity of hurricanes and tropical storms, whether such increases are caused by global climate changes or other factors. There may be significant physical effects of climate change that have the potential to have a material effect on the underlying company's business and operations. Physical impacts of climate change may include: increased storm intensity and severity of weather (e.g., floods or hurricanes); sea level rise; and extreme temperatures. As a result of these physical impacts from climate-related events, a Sub-Fund may be vulnerable to the following: risks of property damage to the relevant Sub-Fund's investments; indirect financial and operational impacts from disruptions to the operations of the relevant Sub-Fund's investments from severe weather; increased insurance premiums and deductibles or a decrease in the availability of coverage, for investments in areas subject to severe weather; decreased net migration to areas in which investments are located, resulting in lower than expected demand for the products and services of the investments; increased insurance claims and liabilities; increase in energy cost impacting operational returns; changes in the availability or quality of water or other natural resources on which the business depends; decreased consumer demand for consumer products or services resulting from physical changes associated with climate change (e.g. warmer temperature or decreasing shoreline could reduce demand for residential and commercial properties previously viewed as desirable); incorrect long-term valuation of an equity investment due to changing conditions not previously anticipated at the time of the investment; and economic distributions arising from the foregoing.

SUBSCRIPTION OF SHARES

Classes of Shares

Different Classes of Shares may be offered for each Sub-Fund. Although the assets attributable to a Sub-Fund will form one single pool, each Class of Shares may be denominated in a different Class Currency or may have a different charging structure or Class specific liabilities with the result that the Net Asset Value attributable to each Class of Shares of a Sub-Fund may differ. In addition, each Class of Shares 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 Shares and the applicable minimum amounts.

Initial offer

Shares 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 Shares 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 Shares or a Sub-Fund is not achieved or the Directors are 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 Shares or Sub-Fund, the Directors may in their discretion extend the Initial Offer Period for the relevant Class of Shares or Sub-Fund or determine that the relevant Class of Shares or the relevant Sub-Fund and the Class or Classes of Shares relating to it will not be launched. In such event, the relevant Class of Shares or the Sub-Fund and the Class or Classes of Shares relating to it shall be deemed not to have commenced.

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

Subsequent subscription

Shares are available for subscription on each Dealing Day after the expiry of the Initial Offer Period.

Issue Price

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

In calculating the Issue Price, there may be imposed, under the circumstances disclosed in the section "***Valuation and suspension – Adjustment of prices***" below, such amount (if any) 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 Share. For further details, please see "***Valuation and suspension – Adjustment of prices***" below.

The Issue Price shall be rounded to the nearest 4 decimal places or in such manner and to such other number of decimal places as may from time to time be determined by the Manager (as delegated by the Directors). Any amount corresponding to such rounding will accrue to the relevant Sub-Fund.

The function of pricing of Shares (i.e. determination of the Issue Price and any pricing adjustment set out under the section "***Valuation and suspension – Adjustment of prices***") is delegated to the Manager.

Preliminary Charge

The Directors are entitled to charge a Preliminary Charge on the issue of each Share of a percentage of either (i) the Initial Offer Price or the Issue Price, as the case may be, of such Share or (ii) the total subscription amount received in relation to an application, as the Directors may at their discretion determine. The maximum and current rates of Preliminary Charge (if any) are specified in the relevant Appendix. For the avoidance of doubt, a lower maximum rate of Preliminary Charge may be imposed in relation to the issue of Shares of a Sub-Fund as compared to other Sub-Funds and also in relation to different Classes of Shares of a Sub-Fund.

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

The Directors may on any day differentiate between applicants or Classes of Shares as to the amount of the Preliminary Charge. The Preliminary Charge will be 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 Share or a Sub-Fund are set out in the relevant Appendix.

The Directors have 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 Shares may be made to the Administrator by completing the Application Form and sending it by post or by facsimile or by e-mail to the Administrator at the business address or facsimile number or e-mail address as specified on the Application Form or may be given to Authorised Distributor(s) for onward transmission to the Administrator. The Manager, the Administrator 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 Administrator and/or the Authorised Distributors.

In respect of Application Forms and application moneys in cleared funds which are received on or before the IOP Deadline, Shares 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 Dealing Day and shall be dealt with at the Issue Price at such Dealing Day.

Following the close of the Initial Offer Period, an Application Form received by the Administrator by the Dealing Deadline for a Dealing Day will be dealt with on that Dealing Day. If an application for Shares is received after the Dealing Deadline for a Dealing Day then the application will be held over until the next Dealing Day provided that the Directors may in the event of system failure which is beyond the reasonable control of the Company or events of natural disaster after taking into account the interests of other Shareholders of the relevant Sub-Fund exercise their discretion to accept an application in respect of a Dealing Day which is received after the Dealing Deadline if it is received prior to the Valuation Point relating to that Dealing Day.

Payment procedures

Payment for Shares subscribed for cash during the Initial Offer Period and the Preliminary Charge (if any) is due in cleared funds by the IOP Deadline. Following the close of the Initial Offer Period, payment for Shares and the Preliminary 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 Directors may determine and disclose to the applicants), the Directors may (without prejudice to any claim in respect of the failure of the applicant to make payment when due) cancel any Shares which may have been issued in respect of such application for subscription and the Directors must cancel the issue of the relevant Shares if the Administrator so requires.

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

Payments for Shares 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 Shares of a Class should be made in the Class Currency of such Class. Subject to the agreement of the Company, 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 Shares 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 relevant party, none of the Company, the Manager, the Administrator, the Custodian or their respective agents or delegates will be liable to any Shareholder or any person for any loss suffered by such Shareholder arising from such currency conversion.

Unless otherwise provided in the relevant Appendix, all payments should be made by direct transfer, telegraphic transfer or bank draft (or other manner as may be agreed by the Company). Bank drafts should be crossed “a/c payee only, not negotiable” and made payable to the accounts specified in the

Application Form, stating the name of the relevant Sub-Fund to be subscribed, and sent with the Application Form. Payment by bank draft is likely to cause delay in receipt of cleared funds and Shares generally will not be issued until the bank draft is cleared. Any costs of transfer of application 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 Company, the Manager, the Administrator or the Custodian 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.

Subscription in specie

The Instrument of Incorporation also provides that instead of receiving payment in cash, the Directors may issue fully paid Shares in exchange for such other investments as the Manager may from time to time agree (e.g. company shares, bonds or other financial instruments). In determining whether subscription in specie will be adopted, the Manager would generally take into account the subscription amount (i.e. whether the subscription is sizeable), consider if the basket of investments accepted for subscription is consistent with the investment objective and strategy of the relevant Sub-Fund and if the transaction is in the interest of all the shareholders (e.g. whether transaction costs could be economised).

The issue of Shares in exchange for investments shall be conducted in accordance with the Instrument of Incorporation, summarized as follows:

(a) Shares must not be issued until the investments have vested in the Custodian to the Custodian's satisfaction and subject to the Custodian's prior consent;
(b) Shares must not be issued if as a result a Sub-Fund would cease to comply with the investment restrictions and the laws and regulations applicable to such Sub-Fund;
(c) the number of Shares to be issued will be determined in accordance with the Instrument of Incorporation;
(d) the investments to be transferred to the relevant Sub-Fund must be independently valued on such basis as the Manager decides so long as such value is not more than the highest amount that would be obtained on the date of the exchange if the investments were valued in accordance with the section headed "***Calculation of Net Asset Value***" in the Prospectus; and
(e) the Manager and the Custodian must be satisfied that the terms of exchange are not likely to result in any prejudice to the existing Shareholders relating to the relevant Sub-Fund.

Any valuation costs and transfer expenses associated with such subscription will be borne by the applicant and will not be borne by the relevant Sub-Fund.

General

The Directors have an absolute discretion to accept or reject in whole or in part any application for Shares, without giving any reason for such rejection.

If an application is rejected (either in whole or in part) or the Directors determine that the relevant Class of Shares or the relevant Sub-Fund and the Class or Classes of Shares related to it will not be launched, application 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 Company, the Manager, the Administrator or the Custodian 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 Company 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 relevant party, none of the Company, the Manager, the Administrator, the Custodian 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.

Shares issued by the Company 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 Share (rounded to the nearest 4 decimal places) may be issued. Any amount corresponding to such rounding will accrue to the relevant Sub-Fund.

Restrictions on issue

No Shares 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 Shares of that Sub-Fund or Class is suspended (for further details see "***Valuation and suspension - Suspension***" below) or when the Directors determine that subscriptions for such Sub-Fund or Class of Shares are closed.

REDEMPTION OF SHARES

Redemption of Shares

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

Redemption Price

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

In calculating the Redemption Price, there may be deducted, under the circumstances disclosed in the section "***Valuation and suspension – Adjustment of prices***" below, 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 function of pricing of Shares (i.e. determination of the Redemption Price and any pricing adjustment set out under the section "***Valuation and suspension – Adjustment of prices***" is delegated to the Manager.

The Redemption Price shall be rounded to the nearest 4 decimal places or in such manner and to such other number of decimal places as may from time to time be determined by the Manager (as delegated by the Directors). 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 Shareholder may be reduced as appropriate to take account of the effect of that devaluation or depreciation.

Redemption Charge

The Directors may charge a Redemption Charge on the redemption of Shares of a percentage of either (i) the Redemption Price per Share; or (ii) the total redemption amount in relation to a redemption request, as the Directors may at their discretion determine. The maximum and current rates of Redemption Charge (if any) 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 Shares of a Sub-Fund as compared to other Sub-Funds and also in relation to different Classes of Shares of a Sub-Fund.

Subject to the applicable requirements of the UT Code, the Directors may increase the rate of Redemption Charge payable for a Sub-Fund or a Class of Shares by giving one month's prior written notice to the Shareholders.

For the purpose of calculating the Redemption Charge payable on a partial redemption of a Shareholder's holding, Shares subscribed earlier in time are deemed to be redeemed prior to Shares subscribed later in time unless the Directors agree otherwise.

The Redemption Charge will be deducted from the amount payable to a Shareholder in respect of the redemption of Shares. 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 Company for the benefit of 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 Directors shall be entitled to differentiate between Shareholders or Classes of Shares 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 Share or a Sub-Fund are set out in the relevant Appendix.

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

The Directors have 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 Shares may be made to the Administrator or the Authorised Distributor(s) by completing the Redemption Form and sending it by post or by facsimile or by e-mail to the Administrator at the business address or facsimile number or e-mail address as specified on the Redemption Form or may be given to Authorised Distributor(s) for onward transmission to the Administrator. The Redemption Form is available from the Administrator and/or the Authorised Distributors.

A Redemption Form received by the Administrator by the Dealing Deadline for a Dealing Day will be dealt with on that Dealing Day. If an application for redemption of Shares is received after the Dealing Deadline for a Dealing Day then the application will be held over until the next Dealing Day provided that the Directors may in the event of system failure which is beyond the reasonable control of the Company or events of natural disaster and after taking into account the interest of other Shareholders of the relevant Sub-Fund, exercise their discretion to accept a redemption request in respect of a Dealing Day which is received after the Dealing Deadline if it is received prior to the Valuation Point relating to that Dealing Day.

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 Shares to the pre-designated bank account of the Shareholder (at the Shareholder's 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 Shareholder.

Unless otherwise specified in the relevant Appendix relating to a Sub-Fund and subject to the approval of the Directors, 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 Shareholders and agreed by the Directors. In addition, the Directors may, without the consent of the relevant redeeming Shareholder, 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 Shareholders. 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 relevant party, none of the Company, the Manager, the Administrator, the Custodian or their respective agents or delegates will be liable to any Shareholder or any person for any loss suffered by such Shareholder arising from such currency conversion.

Redemption proceeds will be paid as soon as practicable (normally within 10 Business Days) but in any event not exceeding one calendar month after the later of (i) the relevant Dealing Day and (ii) the day on which the Administrator receives the duly completed Redemption Form and such other documents and information as the Directors may reasonably require, unless the market(s) in which a substantial portion of investments of the relevant Sub-Fund is made is subject to legal or regulatory requirements (such as foreign currency controls) thus rendering the payment of the redemption proceeds 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 Company may, in its absolute discretion, delay payment to the Shareholder until (a) the original of the Redemption Form duly signed by the Shareholder has been received by or on behalf of the Company; (b) where redemption proceeds are to be paid by telegraphic transfer, the signature of the Shareholder (or each joint Shareholder) on the Redemption Form has been verified to the satisfaction of the Company (or its duly authorised agents); and (c) the Shareholder has produced all documents or information required by the Company or its duly authorised agents for the purpose of verification of identity or that are necessary to ensure compliance with applicable laws and regulations, including anti-money laundering law or regulation.

The Company may refuse to make a redemption payment to a Shareholder if the Company suspects or is advised that (i) such payment may result in a breach or violation of any laws or regulations, including anti-money laundering law or regulation, by any person in any relevant jurisdiction; or (ii) such refusal is necessary or appropriate to ensure compliance by the Company, the Manager, the Administrator, the Custodian or other service providers with any such laws or regulations in any relevant jurisdiction.

The Company may also withhold such amounts as are required by the laws of any relevant jurisdiction. If the Company 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 proceeds payable to the Shareholder, the amount of such withholdings shall be deducted from the redemption proceeds otherwise payable to such person, provided that the Directors are 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 Company, the Custodian or the Manager, neither the Company, the Manager nor the

Custodian 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.

Redemption in specie

The Instrument of Incorporation also provides for payment of redemption proceeds in specie with the prior consent of the relevant Shareholder. The redemption of Shares by payment in specie shall be conducted in accordance with the Instrument of Incorporation.

Restrictions on redemption

No Shares 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 Shares 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 Shareholders of a Sub-Fund, the Manager may, after consultation with the Custodian limit the number of Shares of such Sub-Fund redeemed on any Dealing Day to 10% of the total Net Asset Value of the relevant Sub-Fund. In this event, the limitation will apply pro rata so that all Shareholders of the relevant Sub-Fund who have validly requested to redeem Shares of the same Sub-Fund on that Dealing Day will redeem the same proportion of such Shares of that Sub-Fund. Any Shares not redeemed (but which would otherwise have been redeemed) will be carried forward for redemption, subject to the same limitation, and will have priority on the next succeeding Dealing Day and all following Dealing Days (in relation to which the Manager shall have the same power) until the original request has been satisfied in full. If requests for redemption are so carried forward, the Company will give notice to the Shareholders concerned that the relevant Shares have not been redeemed and that (subject to any further exercise of this power on any subsequent Dealing Day) such Shares shall be redeemed on the next succeeding Dealing Day for the relevant Sub-Fund.

Compulsory redemption of Shares

If the Directors and the Manager reasonably suspect that Shares 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 Shares are listed;

(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 Directors and the Manager to be relevant) which in their opinion might result in the Company, the relevant Sub-Fund, the Directors, the Custodian, the Manager, the Administrator, any other service provider to the Company or other Shareholders incurring any liability to taxation or requiring registration with any regulatory authority or suffering any other pecuniary disadvantage or would subject the Company, the relevant Sub-Fund, the Directors, the Custodian, the Manager, the Administrator, any other service provider to the Company or other Shareholders to any additional regulation which such party might not otherwise have incurred or suffered or been subject to; or

(c) in breach of any eligibility requirements for the relevant Class set out in the relevant Appendix,

the Directors and the Manager may acting in good faith and in compliance with any applicable laws and regulations:

(i) give notice requiring the relevant Shareholder to transfer the Shares 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 Shareholder in respect of such Shares; or

(iii) take such other actions as they reasonably believe are required by applicable laws and regulations.

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

CONVERSION

Conversion of Shares

Unless otherwise specified in the relevant Appendix, Shareholders shall be entitled (subject to such limitations as the Directors may impose) to convert all or part of their Shares of any Class relating to a Sub-Fund (the "**Existing Class**") into Shares of any other Class in the same Sub-Fund or into Shares of another Sub-Fund (the "**New Class**") available for subscription or conversion provided that no Shares may be converted if to do so would result in a holding of less than the minimum holding of Shares of the Existing Class or the New Class. Unless the Directors otherwise agree, Shares of a Class can only be converted into Shares of the same Class of another Sub-Fund.

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

In addition, specific limitations or restrictions may apply when a Shareholder intends to convert his or her Shares 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.

Conversion Charge

A Conversion Charge may be charged by the Directors in respect of each Share of the New Class to be issued upon such conversion of a percentage of:

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

(ii) the total amount being converted into,

as the Directors may at their discretion determine.

The maximum and current rates of Conversion Charge (if any) are specified in the relevant Appendix. For the avoidance of doubt, a lower maximum rate of Conversion Charge may be imposed in relation to the conversion of Shares of a Sub-Fund as compared to other Sub-Funds and also in relation to different Classes of Shares of a Sub-Fund.

The Conversion Charge shall be deducted from the amount reinvested into the Sub-Fund relating to Shares of the New Class and shall be retained by or paid to the Company for the benefit of the Sub-Fund relating to the Existing Class or (as agreed between the Company and the Manager) paid to the Manager, its agents or delegates for their own absolute use and benefit.

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

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

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

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

Where in either case:

N is the number of Shares of the New Class to be issued, provided that amounts lower than the smallest fraction of a Share 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 Shares of the Existing Class to be converted.

F is the currency conversion factor determined by the Directors (as delegated to the Manager) for the relevant Dealing Day of the New Class as representing the effective rate of exchange between the Class Currency of Shares of the Existing Class and the Class Currency of Shares of the New Class.

R is the Redemption Price (less Redemption Charge if applicable) per Share of the Existing Class applicable on the relevant Dealing Day.

S is the Issue Price per Share for the New Class applicable on the Dealing Day for the New Class on which the conversion is to be effected PROVIDED THAT where the issue of Shares of the New Class is subject to the satisfaction of any conditions precedent to such issue then S shall be the Issue Price per Share of the New Class applicable on the first Dealing Day for the New Class falling on or after the satisfaction of such conditions.

CC is a Conversion Charge (if any).

If there is, at any time during the period from the time as at which the Redemption Price per Share 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 Redemption Price may be reduced as appropriate to take account of the effect of that devaluation or depreciation and in such event the number of Shares of the New Class to be allotted to any relevant Shareholder 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 Shares of the Existing Class on the relevant Dealing Day.

Conversion Procedures

Applications for conversion of Shares may be made to the Administrator by completing the Conversion Form and sending it by post or by facsimile or by e-mail to the Administrator at the business address or facsimile number or e-mail address as specified on the Conversion Form or may be given to Authorised Distributor(s) for onward transmission to the Administrator. The Conversion Form is available from the Administrator and/or the Authorised Distributor(s).

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

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

Shares 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 Directors determine, that subscriptions for Shares of the New Class or redemptions of Shares of the Existing Class are closed.

VALUATION AND SUSPENSION

Calculation of Net Asset Value

The Net Asset Value of each Sub-Fund, the Net Asset Value of each Class of Shares and the Net Asset Value per Share of each Class will be calculated in accordance with the Instrument of Incorporation 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 Instrument of Incorporation and deducting the liabilities attributable to such Sub-Fund in accordance with the provisions of the Instrument of Incorporation. The Instrument of Incorporation provides among others that:

(a) Listed Investments

The value of any investment (including units, shares or other interests in a collective investment scheme quoted, listed, traded or normally dealt in on a Securities Market but excluding units, shares or other interests 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) by reference to the latest prices quoted thereon by any person, firm or institution making a market in that 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 Custodian of the relevant Sub-Fund, 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 Custodian of the relevant Sub-Fund, 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 Custodian of the relevant Sub-Fund, deems 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 Custodian of the relevant Sub-Fund.

(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 Custodian of the relevant Sub-Fund, 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 valued at the fair market value determined by the Manager, in consultation with the Custodian and with the approval of the Directors. The Manager will have regard for the purchase price of the securities, fundamental developments of the investment, any financial data and projections of the investment, including secondary market trading information. In determining the valuation, the Manager may rely upon the advice of and information provided by the Custodian, any broker, consultant, market maker or pricing services provider appointed by 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 Custodian of the relevant Sub-Fund, any adjustment should be made to reflect the value thereof.

(d) Collective Investment Schemes

The value of each unit, share or other interest in any collective investment scheme (other than units, shares or other interests 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 Custodian of the relevant Sub-Fund, shall determine.

(e) Other Valuation Methods

Notwithstanding paragraphs (a) to (d) above, the Manager may, after consultation with the Custodian of the relevant Sub-Fund, 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 the Manager 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 by the Manager 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 Share of a Class

In order to determine the Net Asset Value of a Share of a Class of a Sub-Fund, the Net Asset Value attributable to such Class shall be divided by the number of Shares of that Class in issue immediately prior to the relevant Dealing Day for such Class of Shares.

The Manager may, after consultation with the Custodian, arrange for a revaluation of the Net Asset Value of a Share of any Class if the Manager considers that the Net Asset Value per Share of the relevant Class calculated in relation to any Dealing Day does not accurately reflect the true value of such Share. Any revaluation will be made on a fair and equitable basis.

Delegation of valuation and pricing functions

The Instrument of Incorporation provides that the Directors shall delegate all functions in respect of valuation and pricing (including adjustments thereto) of the assets of the Company and Shares of the Company to the Manager.

Adjustment of prices

In calculating the Issue Price, the Manager may make adjustments including adding bid-ask spread, and fiscal and purchase charges (as described under "***Subscription of Shares – Issue Price***" above) and in calculating the Redemption Price, the Manager may make adjustments including deducting bid-ask spread, and fiscal and sale charges (as described under "***Redemption of Shares – 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 Shareholders under exceptional circumstances as determined by the Manager from time to time. The Manager will consult the Custodian prior to any adjustment in the Issue Price or Redemption Price and such adjustment would only be made where the Custodian 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 Shares 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 Shareholders. In such circumstances the Issue Price or Redemption Price (as the case may be) of the relevant Class may be adjusted by an amount (not exceeding 1% of the Net Asset Value per Share of the relevant Class) which reflects the fiscal and 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 Share 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 the same Dealing Day; and

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

Suspension

The Manager may, after consultation with the Custodian of the relevant Sub-Fund, and having regard to the best interests of Shareholders, declare a suspension of the determination of the Net Asset Value of any Sub-Fund or of any Class of Shares and/or the issuance, conversion and/or the redemption of Shares and/or the payment of redemption proceeds for the whole or any part of any period:

(a) during which 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 the Company or the relevant 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 Share; or

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

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

(d) during which 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 the Company or the relevant Sub-Fund or the issue or redemption of Shares of the relevant Class is delayed or cannot, in the opinion of the Manager, be carried out promptly at normal rates of exchange; or

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

(f) when, in the opinion of the Manager, such suspension, delay or extension is required by law or applicable legal process or the issue, redemption or transfer of Shares would result in the violation of any applicable law; or

(g) where the Company or the relevant 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 Company or that Sub-Fund) is suspended or restricted; or

(h) when the business operations of the Manager, the Administrator, the Custodian or their delegates are substantially interrupted or closed as a result of or arising from a force majeure event; or

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

(k) in such other circumstance or situation exists as set out in the Appendix of the relevant 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 Company or the relevant Sub-Fund or the Net Asset Value per Share of that Sub-Fund (or a Class thereof, as applicable) (although an estimated Net Asset Value may be calculated and published) and any application for issue or request for conversion or redemption of Shares shall be similarly suspended. If a request for subscription, conversion or redemption of Shares is received by the Company 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 Dealing Day 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 Shares of a Class, there shall be no allotment, issue, conversion and/or redemption of Shares of that Class. For the avoidance of doubt, the allotment, issue, conversion or redemption of Shares of a Class may be suspended without suspending the determination of the Net Asset Value.

A suspension shall take effect at such time as the Manager shall declare but not later than the close of business on the Business Day next following the declaration 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 the Company 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 or in any other appropriate manner stating that such declaration has been made.

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 Shares 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 Shares of the Accumulation Classes will be reflected in their respective Net Asset Value.

Distribution Classes

For Distribution Classes, the Directors will declare and pay distributions in such amount, on such date and at such frequency as they 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 distribution payment.

The Directors 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 Directors may also, in their 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 Directors consider 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 Directors may in their discretion determine such dividends be paid from 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 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 Share of the relevant Distribution Class.

The composition of the distributions (i.e. the relative amounts/percentages paid out of (i) net distributable income and (ii) capital) for the last 12 months are available from the Company on request and also on the Manager's website at www.clsa.com/services/assets-management/. Investors should note that the aforesaid website has not been reviewed or authorised by the SFC.

Distributions of a Distribution Class declared, if any, shall be distributed among the Shareholders of the relevant Distribution Class rateably in accordance with the number of Shares held by them on the record date as determined by the Directors in respect of the corresponding distribution. For the avoidance of doubt, only Shareholders whose names are entered on the register of Shareholders 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 Shares in the relevant Class of the relevant Sub-Fund at the option of the Shareholder as indicated in the Application Form. Distributions will be applied to subscribe for additional Shares in the relevant Class of the relevant Sub-Fund by default if Shareholders do not specify the means of distributions in the Application Form. Shareholders 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 Shareholder (at the Shareholder's risk and expense). No third party payments will be permitted.

The Directors may amend the distribution policy for any Sub-Fund. Where required by the SFC or the UT Code, the Directors will obtain the SFC's prior approval and/or give not less than one month's prior notice to the relevant Shareholders of any such amendment.

FEES AND EXPENSES

Directors' remuneration

As of the date of this Prospectus, each of the Directors has waived his / her entitlement to receive a Director's fee (including any expenses incurred by the Directors in the conduct of the Company's business).

The Company may pay expenses properly incurred by the Directors in the conduct of the Company's business including travel and other expenses, from the assets of the Company.

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.

General

Unless otherwise stated in the relevant Appendix, the Manager is also entitled to receive and retain the Preliminary Charge, Redemption Charge and Conversion Charge on the issue, redemption or conversion of any Shares, at the rates as specified in the relevant Appendix.

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

Administrator's and Custodian's fee

The Administrator and Custodian are entitled to receive a fee which is charged as a percentage of the Net Asset Value of the relevant Sub-Fund on each Valuation Day, at the rates specified in the Appendix and subject to a minimum monthly fee (if any) as specified in the relevant Appendix. The Administrator's and Custodian's fees are 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 Administrator and Custodian are subject to a maximum rate as specified in the Appendix.

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

Notice for fee increase

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

Establishment costs

The establishment costs of the Company 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-Funds. The establishment costs will be amortised up to the Amortisation Period on a straight-line basis. Where subsequent Sub-Funds are established in the future, the Directors may determine that the unamortised establishment costs of the Company 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-Funds 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 of the Company (including those set out below) which are directly attributable to it. Where such costs are not directly attributable to a Sub-Fund, the Directors have absolute discretion to determine how such costs are to be allocated.

Such costs include but are not limited to the costs of investing and realising the investments of the Company, interest on borrowings and fees incurred in respect of such borrowings, the fees and expenses of the Company, the Directors, the Manager, the Investment Delegate, the Custodian, the Administrator, the QFI custodian, the Auditors and other service providers to the Company, company secretarial fees, valuation costs, legal fees, the expenses incurred in establishing the Company and Sub-Funds and costs in connection with the initial issue of Shares or a Class of Shares, the costs incurred in connection with the preparation of any amendments to the Instrument of Incorporation or any of the agreements with service providers to the Company, the costs of obtaining and maintaining any listing or regulatory approval, rating agency fees, the costs of holding meetings of Shareholders and of giving notices to Shareholders, the costs incurred in the termination or withdrawal of authorisation of the Company, any Sub-Fund or any Class of Shares, all costs incurred in publishing the Net Asset Value of a Sub-Fund, Net Asset Value per Share, Net Asset Value of a Class of Shares, Net Asset Value per Share of a Class, Issue Price and Redemption Price of Shares, all fees and expenses incurred in connection with the retirement or removal of any service provider to the Company or the appointment of any new service provider, all costs of preparing, printing and distributing all statements, financial reports, the expenses of preparing and printing any offering document and any notices to Shareholders, and any other expenses, deemed by the Directors, 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 or guideline applicable to the Company the cost of any liability insurance taken out by the Company in respect of the Directors, any amount payable under the indemnity provisions of the Instrument of Incorporation or any agreement with the service providers to the Company and all other liabilities of the Company of whatsoever kind and nature including an appropriate provision for taxes and contingent liabilities as determined from time to time by the Directors.

For so long as the Company 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 transactions carried out by or on behalf of the Company must be executed at arm's length and in the best interests of the Shareholders of the relevant Sub-Fund. In particular, any transactions between the Company, the Directors, the Manager, an Investment Delegate or any of their connected persons as principal may only be made with the prior written consent of the Custodian. All such transactions will be disclosed in the annual financial report of the Company.

In transacting with brokers or dealers connected to the Manager, an Investment Delegate, the Directors, the Custodian 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 financial report of the Company.

None of the Manager, Investment Delegate nor any of their connected persons will retain cash or other rebates from brokers or dealers in consideration of directing transactions for the Company 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 Shareholders (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 Company 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 financial report of the Company 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

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 Shares. This summary does not constitute legal or tax advice and does not purport to deal with the tax consequences applicable to all categories of Shareholders. Prospective Shareholders should consult their own professional advisers as to the implications of their subscribing for, purchasing, holding, redeeming or disposing of Shares 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 Prospectus. 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 Prospectus. 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 Company / Sub-Fund(s)

(a) Profits Tax:

Profits of the Company and the Sub-Fund(s) should be exempt from Hong Kong profits tax upon authorisation of the Company and the Sub-Fund(s) as a collective investment scheme constituted as an open-ended fund company by the SFC under Section 104 of the SFO.

(b) Stamp Duty:

In case the Company/ Sub-Fund(s) acquires or disposes of any "Hong Kong stocks" as defined under the Hong Kong Stamp Duty Ordinance, Hong Kong stamp duty will be imposed at the current rate of 0.1% on the stated consideration or the fair market value of the stocks, whichever is higher, plus a fixed duty of HK$5 on the instrument of transfer, if any. The transferor and the transferee will each be liable for 0.1% Hong Kong stamp duty upon such transfer (i.e. 0.2 % in total).

The Shareholders

(a) *Profits Tax*:

Shareholders should generally not be subject to any Hong Kong profits tax on distributions by the Company (whether by way of withholding or otherwise, as at the date of this Prospectus). Hong Kong profits tax (which is currently charged at the rate of 16.5% for corporations, and 15% for individuals or unincorporated businesses, with the first HK$2 million of assessable profits charged at half of the standard rate (i.e. 8.25% or 7.5%, respectively), subject to certain conditions being met) will arise on any gains or profits made on the sale, redemption or other disposal of the Shares where such transactions form part of a trade, profession or business carried on by a Shareholder in Hong Kong, such Shares are not capital assets of the Shareholders. Shareholders should take advice from their own professional advisers as to their particular tax position.

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

(b) *Stamp Duty*:

No Hong Kong stamp duty is payable by a Shareholder in relation to an allotment of Shares or on the redemption of Shares. Shares, or the sale or transfer of the Shares is effected by extinguishing the Shares or the sale or transfer is to the Company who subsequently re-sells the Shares within two months thereof.

Pursuant to a remission order issued by the Secretary for the Treasury on 20 October 1999, Hong Kong stamp duty on the transfer of Hong Kong stocks to the Company / Sub-Fund(s) in exchange for allotment of Shares or transfer of Hong Kong stocks from the Company / Sub-Fund(s) in consideration for redemption of Shares will be remitted, subject to applications being made for such remission.

Other types of sales or purchases or transfers of the Shares by the Shareholders should be liable to Hong Kong stamp duty of 0.2% (equally borne by the buyer and seller) on the higher of the consideration amount or of market value. In addition, a fixed duty of HK$5.00 is currently payable on any instrument of transfer of Shares.

Shareholders should consult their own professional advisers on the possible taxation consequences of their subscribing for, buying, holding, transferring, selling, redeeming or otherwise disposing of the Shares, in the context of their particular situation.

Other jurisdiction(s)

Please refer to the "Mainland China tax risk" under the section headed "Risk Factors" and/or the relevant Appendix on taxation requirements in other jurisdiction(s) that may be applicable to a Sub-Fund.

It is possible that certain dividends, interest and other income received by the Company / Sub-Fund(s) from sources within certain countries may be subject to withholding taxes imposed by such countries. The Company / Sub-Fund(s) may also be subject to capital gains taxes or other taxes in some of the countries where it purchases and sells securities or otherwise conducts business. It is impossible to predict in advance the rate of tax that will be paid since the amount of the assets of the Company / Sub-Fund(s) to be invested in various countries is uncertain.

Automatic Exchange of Financial Account Information

The Inland Revenue (Amendment) (No.3) Ordinance (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 Automatic Exchange of Financial Account Information (also referred to as the Common Reporting Standard ("**CRS**")) in Hong Kong. The CRS requires financial institutions ("**FI"**) in Hong Kong (such as the Company and the Sub-Funds) to collect information relating to tax residents of reporting jurisdictions holding financial accounts with FI, and report such information to the IRD. The information will be further exchanged 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 Competent Authority Agreement ("**CAA**"); however, the Company, the Sub-Funds and/or its agents may further collect information relating to residents of other jurisdictions.

The Company and each Sub-Fund are required to comply with the requirements of CRS as implemented by Hong Kong, which means that the Company, each Sub-Fund and/or its agents shall collect the relevant tax information relating to Shareholders and prospective investors and provide such information to the IRD.

The AEOI rules as implemented by Hong Kong require the Company and each Sub-Fund to, amongst other things: (i) register the Company's status as a "Reporting Financial Institution" with the IRD; (ii) conduct due diligence on its accounts (i.e. equity interest held by Shareholders) 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 CAA (i.e. the "**Reportable Jurisdictions**"). Broadly, CRS contemplates that Hong Kong FI should report on: (i) individuals or entities that are tax residents in the Reportable Jurisdictions; and (ii) certain entities controlled by individuals who are tax residents in the Reportable Jurisdictions (collectively, "**Reportable Persons**"). Under the Ordinance, details of the Reportable Persons, including but not limited to their name, date of birth, address, tax residence, taxpayer identification number ("**TIN**"), account details, account balance/value, and certain income or sale or redemption proceeds, may be reported to the IRD, which is be subsequently exchanged with government authorities in the relevant Reportable Jurisdictions. By investing in the Company and the relevant Sub-Fund and/or continuing to invest in the Company and the relevant Sub-Fund, Shareholders acknowledge that they may be required to provide additional information to the Company, the relevant Sub-Fund, the Manager and/or the Company's agents in order for the Company and the relevant Sub-Fund to comply with CRS. The Shareholder's information (and/or information pertaining to Controlling Person(s) of a Shareholder, as defined in the Ordinance), may be exchanged by the IRD with government authorities in the Reportable Jurisdictions.

Each Shareholder 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 Company and the relevant Sub-Fund.

GENERAL INFORMATION

Financial reports

The Company'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 Company will notify Shareholders where the audited annual financial report (in English) only can be obtained (in printed and electronic forms) within four months after the Accounting Date, and where the unaudited interim financial report (in English) only can be obtained (in printed and electronic forms) within two months after the Interim Accounting Date in each year. Once issued, hardcopies of the reports are available upon request of Shareholders free of charge and for inspection 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 Company 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 Company and the Sub-Funds. It should however be noted that in amortising the establishment costs of the Company in accordance with the section headed "***Fees and expenses - 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 Company's audited annual financial reports.

Publication of prices

The Net Asset Value per Share for each Class of a Sub-Fund will be published on each Dealing Day of that Sub-Fund on the Manager's website www.clsa.com/services/assets-management/. Investors should note that the aforesaid website has not been reviewed by the SFC.

Removal and retirement of Directors

A Director may retire by notice of resignation to the Company or when the service agreement (if any) is terminated.

A Director may be removed by ordinary resolution passed at a general meeting. Special notice in accordance with the applicable laws and regulations is required of a resolution to remove a Director or appoint a person in place of a Director so removed at the meeting at which the Director is removed.

A Director ceases to hold office if he/she:

(a) is prohibited from being a Director under applicable regulatory requirements;
(b) becomes bankrupt or makes any arrangement or composition with his/her creditors generally;
(c) becomes a mentally incapacitated person;
(d) resigns from the office of Director by notice in writing of the resignation of not less than 28 days;
(e) for more than 6 months has been absent without the Directors' permission from Directors' meetings held during that period;
(f) upon the expiry of any period or notice period stated in an agreement for the provision of services between the Company and the Director or if such agreement is summarily terminated in

accordance with its terms; or

(g) is removed from the office of Director by an ordinary resolution of Shareholders.

Termination of the Company, a Sub-Fund or a Class

The Instrument of Incorporation provides that the Directors may terminate the Company, a Sub-Fund or any Class of Shares in the following circumstances.

Any Sub-Fund or a Class of Shares may be terminated, subject to and in accordance with applicable laws and regulations, by the Directors in their absolute discretion if:

(a) the Net Asset Value of the relevant Sub-Fund is less than USD 3 million (or its equivalent in the Base Currency of the Sub-Fund);
(b) in the opinion of the Directors, it is impracticable or inadvisable to continue the relevant Sub-Fund or the relevant Class (including without limitation, a situation where it is no longer economically viable to operate it);
(c) if any law shall be passed which renders it illegal or in the reasonable opinion of the Directors impracticable or inadvisable to continue the relevant Sub-Fund or the relevant Class; or
(d) in such other circumstances as set out in the Appendix for the relevant Sub-Fund or relevant Class.

The Company may be terminated, subject to and in accordance with applicable laws and regulations, by the Directors in their absolute discretion if:

(i) if any law shall be passed which renders it illegal or in the reasonable opinion of the Directors impracticable or inadvisable to continue the Company; or
(ii) in the opinion of the Directors, it is impracticable or inadvisable to continue the Company (including without limitation, a situation where it is no longer economically viable to operate it);
(iii) if the Manager has retired, or has expressed an intention to retire, or is removed or liable to be removed from office and, within a period of 30 days thereafter, in the Directors' reasonable opinion no other qualified corporation may be appointed as successor, provided that applicable regulatory requirements have been complied with.

Where the Company, a Sub-Fund or a Class is terminated by the Directors, no less than one month's notice of termination will be given to affected Shareholders unless otherwise agreed by the SFC.

The Company, a Sub-Fund or a Class of Shares may be terminated by a special resolution of the Shareholders, or the Shareholders of the relevant Sub-Fund or the Shareholders of the relevant Class (as the case may be) on such date as the special resolution may provide. At least twenty one days' notice shall be given to the Shareholders in respect of a meeting of Shareholders where such special resolution will be tabled.

The Company or a Sub-Fund may also be terminated pursuant to applicable laws and regulations.

Any unclaimed proceeds or other cash upon termination of the Company, a Sub-Fund or a Class of Shares, as the case may be, may at the expiration of 12 months from the date upon which the same were payable be paid into court subject to the right to deduct therefrom any expenses in making such payment.

Winding up of the Company or a Sub-Fund

The Company or a Sub-Fund may be wound up pursuant to the applicable provisions of the Securities and Futures (Open-ended Fund Companies) Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The rights of the holders of Shares to participate in the property comprised in the Company or a Sub-Fund on a winding up shall be

proportionate to the respective interests in the Company or Sub-Fund represented by the Shares which they hold.

Instrument of Incorporation

The Company was incorporated pursuant to an Instrument of Incorporation filed to the Companies Registry on and effective as of 2 November 2022, with registration number OF103.

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

Share capital

The Company may from time to time issue more than one Class of shares with no par value including management shares of USD1 each and participating shares. The paid-up capital of the Company is equal to its Net Asset Value.

The management shares may only be issued to the Manager or connected person of the Manager, and are issued to enable all the participating shares to be redeemed without liquidating the Company. All management shares are currently held by the Manager. Except where there are no participating shares in issue, the management shares do not carry a right to vote.

Meetings and voting rights

The Directors have general powers to convene meetings of Shareholders. Further, meetings of Shareholders shall be convened by the Directors if Shareholders representing at least 10% of the total voting rights of all the Shareholders having a right to vote at general meetings request that a meeting be convened. The Directors shall call a meeting within 21 days of receiving such request, in default of which the Shareholders who requested the meeting, or any of them representing more than half of the total voting rights of all of them, may themselves call a meeting.

Shareholders will be given not less than 21 days' notice of any meeting at which a special 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 passing an ordinary resolution is Shareholders present in person or by proxy representing 10% of the Shares (other than management shares) relevant to the resolution in question and a minimum of two Shareholders. The quorum for passing a special resolution shall be Shareholders present in person or by proxy representing 25% or more of the Shares (other than management shares) relevant to the resolution in question as determined by the Directors and a minimum of two Shareholders. 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, such Shareholders as are present in person or by proxy will form a quorum. On a poll votes should be proportionate to the number of Shares held (one vote for each Share held by any Shareholder present in person or by proxy) or to the value of Shares held where there are accumulation Shares. In the case of joint Shareholders the senior of those who tenders a vote (in person or by proxy) will be accepted. For this purpose, seniority is determined by the order in which the names appear on the register of Shareholders.

Variation of Class rights

Subject to applicable laws and regulations, the rights attached to a Class of Shares or Shares of a Sub-Fund shall not be varied except with the sanction of a special resolution passed at a Class or Sub-Fund meeting of the Shareholders concerned.

Transfer of Shares

Subject as provided below, Shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the Directors, which is executed by or on behalf of both the transferor and the transferee.

The duly stamped instrument of transfer, any necessary declarations, other documents that may be required by the Directors (or by service providers on their behalf) or in consequence of any legislation (including any anti-money laundering legislation) shall be left with the Administrator for registration. The transferor will be deemed to remain the holder of the Shares transferred until the name of the transferee is entered in the register of Shareholders in respect of such Shares.

Each instrument of transfer must relate to a single Class of Shares only.

The Directors may refuse to enter or cause to be entered the name of a transferee in the register of Shareholders or recognise a transfer of any Shares upon grounds set out in the Instrument of Incorporation, including if the transfer will result in (i) either the transferor or the transferee holding Shares of less than the Minimum Holding Amount, or (ii) a contravention of any applicable laws or regulations or the Instrument of Incorporation, or would produce a result inconsistent with the provisions of this Prospectus. In such case, the transferor or transferee may request a statement of the reasons for the refusal. The instrument of transfer must be returned to the transferor or transferee who lodged it unless the Directors suspect that the proposed transfer may be fraudulent.

Anti-Money laundering regulations

As part of the Company's responsibility for the prevention of money laundering, the Company or its agents 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 Company and its agents 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 application moneys, the Company may refuse to accept the application and the application moneys relating thereto. Further, the Company may delay paying any redemption proceeds if an applicant for Shares delays in producing or fails to produce any documents or information required for the purposes of verification of identity or that are necessary to ensure compliance with applicable laws and regulations. The Company may refuse to make payment to the Shareholder if the Company suspects or is advised that (i) such payment may result in a breach or violation of any laws or regulations, including any anti-money laundering law or regulation by any

person in any relevant jurisdiction; or (ii) such refusal is necessary or appropriate to ensure compliance by the Company, the Manager, the Custodian, the Administrator or other service providers with any such laws or regulations in any relevant jurisdiction.

Conflicts of Interest

The Manager, the Investment Delegate(s) (if any), the Administrator, the Custodian and the investment adviser(s) (if any) may from time to time act as custodian, administrator, registrar, manager, investment delegate 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 transactions 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 Company and the Sub-Funds. Each will, at all times, have regard in such event to its obligations to the Company 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 Shareholders 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 the Company. 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 any of its connected persons is under any obligation to offer investment opportunities of which any of them become aware to the Company or to account to the Company in respect of (or share with the Company or to inform the Company of) any such transactions or any benefit received by any of them from any such transaction, but will allocate such opportunities fairly between the Company and other clients. Where the Manager invests 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 the Company, although any such co-investment must be made on terms no better than those in which the Company is investing. Further, the Manager and any of its connected persons may hold and deal in Shares or in investments held by the Company 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 the Company as principal provided that dealings are carried out in good faith and effected on best available terms negotiated and on an arm's length basis and in the best interests of the Shareholders of the relevant Sub-Fund. Any transactions between the Company and the Manager, any 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 Custodian. All such transactions must be disclosed in the Company's annual financial report.

In effecting transactions for the account of the Company with brokers or dealers connected to the Manager, any Investment Delegates appointed by the Manager or their connected persons, and in relation to any soft dollar received, the Manager shall ensure that the relevant requirements under the

heading "***Transactions with connected persons, cash rebates and soft dollars***" under the section "***Fees and expenses***" are complied with.

The services of the Administrator and the Custodian and their connected persons provided to the Company 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 Administrator, the Custodian and their connected persons shall not be deemed to be affected with notice of or to be under any duty to disclose to the Company, any Sub-Fund, any Shareholder 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 its agreement with the Company or as required by any applicable laws and regulations for the time being in force. None of the Administrator, the Custodian and their connected persons shall be liable to account to the Company or any Sub-Fund or any investor of the Company 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 Custodian, the Manager, an 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 Shareholders 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 the Manager, the Investment Delegate or their connected persons or their respective clients (including other collective investment schemes managed by the Manager, the Investment Delegate or their connected persons) ("**cross trades**"). Cross trades between clients 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, the reasons for such cross trades are documented prior to execution, and the cross trades are disclosed to both clients. Further, for any cross trades between a Sub-Fund and the accounts of the Manager or its connected persons, they should only be undertaken with the prior written consent of the Company, and of the Custodian of the relevant Sub-Fund, provided that any actual or potential conflicts of interest in such cross trades have been disclosed.

Directors' interests

So long as a Director complies with the requirements of the Instrument of Incorporation, the Director shall not be disqualified by his or her office from contracting with the Company either as vendor, purchaser or otherwise, nor shall any such contract or any transaction, contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such transaction, contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established.

Where a Director is in any way (directly or indirectly) interested in a transaction, contract or arrangement with the Company that is significant in relation to the Company's business and the Director's interest is material, the Director must declare the nature and extent of the Director's interest at a meeting of the Directors or by notice to the other Directors or the Company (i) for a proposed transaction, contract or arrangement, before the Company enters into the transaction, contract or arrangement, or (ii) for a transaction, contract or arrangement that the Company has entered into, as soon as reasonably practicable.

Subject to the applicable laws and regulations, the Company may by ordinary resolution ratify any transaction or act of a Director not duly authorized by reason of a contravention of the provision of the Instrument of Incorporation on conflicts of interest, provided that such ordinary resolution is passed with the votes of interested members (being the Director, any connected person of the Director and a trustee holding shares in trust for the Director or for the connected person of the Director) disregarded.

If any question shall arise at any meeting as to the materiality of a Director's interest or the significance of a contract, arrangement or transaction or proposed contract, arrangement or transaction or as to the entitlement of any Director to vote and such question is not resolved by the Director voluntarily agreeing to abstain from voting, such question shall be referred to the chairperson of the meeting, and the chairperson's ruling in relation to any other Director shall be final and conclusive except in a case where the nature or extent of the interests of the Director concerned as known to such Director have not been fairly disclosed.

Facsimile instructions

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

Forfeiture of unclaimed proceeds or distributions

A distribution recipient is no longer entitled to a distribution or other sum, and it ceases to remain owing by the Company, if 6 years have passed from the date on which the distribution or other sum became due for payment and the distribution recipient has not claimed it.

Market timing

The Company does not authorise practices connected to market timing. The Directors reserve the right to reject any applications for subscriptions or conversion of Shares from a Shareholder which the Directors suspect uses such practices and to take such other measures as the Directors believe are necessary to protect the Shareholders of the Sub-Funds.

Market timing is broadly understood as an arbitrage method through which a Shareholder systematically subscribes, redeems or converts Shares 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 Company or its agents, provide any form, certification or other information reasonably requested by and acceptable to the Company (or its agents) that is necessary for the Company 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 Company 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 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), including such obligations that may be imposed by future legislation.

Power to disclose information to regulatory and tax authorities

Subject to applicable laws and regulations in Hong Kong, the Company, the Administrator, the Custodian, the Manager, other service providers to the Company or any of their authorised person(s) (as permissible under applicable law or regulation) shall have the power 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 the Company or any Shareholder, including but not limited to information relating to leverage, the assets and liabilities and Securities Financing Transactions (if any) of the Company, a Shareholder's name, address, date of birth, tax residence, taxpayer identification number (if any), social security number (if any) and certain information relating to the Shareholder's holdings of Shares, account balance/value, and income or sale or redemption proceeds, to enable the Company, the Administrator, the Custodian, the Manager or other service providers to the Company to comply with any applicable law (including any law, rule and requirement relating to AEOI), 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 Company, the Administrator, the Custodian, the Manager or any of their respective delegates (each a "**Data User**") may collect, hold and use personal data of individual investors in the Company only for the purposes for which such data was collected and shall comply with personal data protection principles and requirements as set out in the PDPO and all other applicable regulations and rules governing personal data use in Hong Kong from time to time. Accordingly, each Data User shall take all practicable steps to ensure that personal data collected, held and processed by them are protected against unauthorized or accidental access, processing, erasure or other use.

Material contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by the Company or by the Manager and are, or may be, material:

(a) the Management Agreement dated 25 November 2022 (as amended from time to time) between the Company and the Manager pursuant to which the Manager was appointed, subject to the overall supervision of the Directors, to manage the investments and affairs of the Company and the Sub-Funds, with powers of delegation; and

(b) the Fund Administration and Custody Services Agreement dated 12 December 2022 (as amended from time to time) between the Company, the Manager and the Custodian, pursuant to which the Custodian was appointed to act as the custodian of the Company and the Sub-Funds.

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 Instrument of Incorporation;
(b) the Management Agreement; and
(c) the latest audited annual financial reports and unaudited interim financial reports (if any) of the Company and the Sub-Funds.

Shareholder notice

Notice required to be given to Shareholders under this Prospectus or the Instrument of Incorporation 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 Shareholder as indicated in its Application Form (the "**default means**").

Shareholders may contact the Manager in writing to change the default means and such change will become effective within 7 Business Days upon receipt of the request by the Manager. Please note that request for provisions of documents in addition to the default means as specified in the Application Form will not be subject to any fees.

Shareholders 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 RESTRICTIONS

In this Schedule 1:

"**Government and other public securities**"	means any investment issued by, or the payment of principal and interest on which is guaranteed by, a government or any fixed-interest investment issued by its public or local authorities or other multilateral agencies
"**Qualified Exchange Traded Funds**"	means exchange traded funds that are: (a) authorized by the SFC under 8.6 or 8.10 of the UT 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 UT 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 UT Code
"**REITs**"	means real estate investment trusts
"**substantial financial institution**"	means an authorised institution as defined in section 2(1) of the Banking Ordinance (Chapter 155 of the 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, as amended by the UT Code from time to time

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 result in and 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 (and also 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) notwithstanding sub-paragraphs 1(a), (b) and (d) of this Schedule 1, 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 this sub-paragraph, 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 UT Code;

(B) where an underlying scheme's objective is to invest primarily in investments restricted by Chapter 7 of the UT 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 UT Code (except for hedge funds under 8.7 of the UT 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 UT 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 UT Code.

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

The Company shall not, unless otherwise specifically provided for in the UT 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 Shareholders 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. Feeder Funds

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 Company or any of its connected persons borne by the Shareholders or by the feeder fund may result, if the master fund in which the feeder fund invests is managed by the Company or by a connected person of the Company;

(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. Use of financial derivative instruments

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 UT 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 UT 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) and (cc) to sub-paragraph 1(g) and sub-paragraph 2(b) 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 Administrator, the Manager or the Custodian 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 services or other measures as may be established from time to time by the Manager after consultation with the Custodian. 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 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 Prospectus, 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 Shareholders 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 Custodian or by duly appointed nominee, agent or delegate;

(i) Enforceability – the collateral is readily accessible or enforceable by the Custodian 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 UT 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 UT 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 relevant Sub-Funds (if applicable) are disclosed in the relevant Appendix.

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 UT 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 UT 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 UT 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.

In addition, it is expected that periodic stress testing to be carried out by the Manager in monitoring the Money Market Fund's liquidity.

8. Index Funds

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 this purpose. 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. At present, none of the Sub-Funds may engage in Securities Lending Transactions, and thus, this schedule only covers the policy of Sales and Repurchase Transactions and Reverse Repurchase Transactions adopted by the Company.

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

Securities Financing Transactions

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).

Revenue 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

Where any Securities Financing Transaction is entered into with the Custodian, the Manager or any their connected persons, such transaction shall be conducted at arm's length and executed on the best available terms, and the relevant entity shall be entitled to retain for its own use and benefit any fee or commission it receives on a commercial basis in connection with such arrangement (any such fee will be disclosed in the connected party transaction section of the relevant Sub-Fund's annual financial reports).

Safekeeping arrangement

Assets received

Assets (including any collateral) received by a Sub-Fund under a title-transfer arrangement should be held by the Custodian or a Correspondent (which may include nominees, delegates, agents and sub-custodians which are appointed for the custody and/or safekeeping of any assets forming part of the assets of the Company).

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 Custodian or a Correspondent. Upon the exercise of a right of re-use by a counterparty, such assets will not be safe-kept by the Custodian 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, cash equivalents and money market instruments. Non-cash collateral may comprise of investment grade government or corporate bonds.

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 Baa1/ BBB+ or equivalent assigned by an internationally recognised credit rating agency (e.g. Standard & Poor's, Moody's or Fitch). Alternatively, an unrated counterparty will be acceptable 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 minimum rating of Baa1/ BBB+ or equivalent assigned by an internationally recognised credit rating agency (e.g. Standard & Poor's, Moody's or Fitch).

Valuation of collateral

The collateral received is valued daily by independent pricing source (e.g. Bloomberg Generic Price, Bloomberg Valuation Service, etc.) on a mark-to market basis.

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 UT 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.

Safekeeping 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 Custodian 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 UT 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 Custodian or a Correspondent.

APPENDIX 1 – CLSA US DOLLAR MONEY MARKET FUND

*This Appendix (which forms part of, and should be read together with the rest of, the Prospectus) relates to the CLSA US Dollar Money Market Fund[2] ("**Sub-Fund**"), a sub-fund of the Company.*

Investors should note that the purchase of a Share 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 have a constant net asset value per share and does not guarantee the repayment of investment principal. The Manager has no obligation to redeem the Shares at the offer value. The Sub-Fund is not subject to the supervision of the Hong Kong Monetary Authority.

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 Prospectus.

"**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**"	U.S. Dollar
"**Class**"	Class A, Class B, Class I and Class M
"**Class Currency**"	Class A USD, Class B USD, Class I USD, Class M USD: USD Class A HKD, Class B HKD, Class I HKD, Class M HKD: HKD Class A RMB, Class B RMB, Class I RMB, Class M RMB: RMB
"**Dealing Day**"	each Business Day
"**Dealing Deadline**"	11:00 a.m. (Hong Kong time) on the relevant Dealing Day by which an application for subscription or a redemption or conversion request in respect of the Sub-Fund or a Class of Shares must be received or such other time or on such other Business Day or day as the Directors may from time to time determine generally or in relation to any particular jurisdiction in which Shares of the Sub-Fund or the relevant Class may from time to time be sold
"**Payment Period**"	no later than 12:00 p.m. (Hong Kong time) on the relevant Dealing Day on which a subscription is made and the relevant Shares are issued
"**Sub-Fund**"	CLSA US Dollar Money Market Fund
"**Valuation Day**"	each Business Day on which the Net Asset Value of the Sub-Fund and/or the Net Asset Value of a Share or a Class of Share of the Sub-Fund falls to be calculated and in relation to each Dealing Day of any Class or Classes of

[2] "CLSA" is the trading name used by various indirect subsidiaries of CITIC Securities Company Limited outside of mainland China.

Shares means either such Dealing Day or such other Business Day or day as the Directors may from time to time determine, either generally or in relation to a particular Class of Shares

INVESTMENT CONSIDERATIONS

Investment objective

The Sub-Fund's 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, with primary considerations of both capital preservation and liquidity. There can be no assurance that the Sub-Fund will achieve its investment objective.

Investment policies

The Sub-Fund will primarily invest in short-term deposits and high quality money market instruments. At least 70% of the Sub-Fund's Net Asset Value will be invested in fixed and floating rate deposits and money market investments issued by governments, quasi-governments, international organisations and financial institutions. The asset allocation of the Sub-Fund will change according to the Manager's view of the market conditions and international investment trends and environment. The Manager will assess the yield of money market instruments, and will take into consideration factors such as currency risk, credit/counterparty risk, liquidity, costs, timing of execution and the relative attractiveness of individual securities and issuers in the market. The Manager may hedge any non-USD-denominated and settled investments into USD to manage any material currency risk, such that the Sub-Fund's USD exposure will be at least 70% of its Net Asset Value.

Short-term Deposits and High Quality Money Market Investments

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%; or (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 maintain a portfolio with weighted average maturity not exceeding 60 days and a weighted average life not exceeding 120 days. The Sub-Fund will 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.

There is no specific geographical allocation of the country of issue of the money market investments or deposits. Countries or regions in which the Sub-Fund may invest in include Hong Kong, Mainland China, Japan, Korea, Australia, Canada, the European Union and the U.S. It is possible for the Sub-Fund to invest 30% or more of its Net Asset Value in emerging markets.

The short-term deposits and high quality money market investments invested by the Sub-Fund may include short-term and high quality debt securities, commercial papers, certificates of deposits and commercial bills. 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 as follows.

- **Credit quality**: for debt securities issued outside Mainland China, the Sub-Fund may only invest in such securities rated investment grade or above by an independent rating agency. A short-term debt security is considered investment grade if its short-term credit rating is A-3/F3/P-3 or higher (by Standard & Poor's, Fitch, Moody's or equivalent rating as rated by one of the international credit rating agencies), or if its long-term credit rating is BBB-/BBB-/Baa3 or higher (by Standard & Poor's, Fitch, Moody's or equivalent rating as rated by one of the international credit rating agencies); For onshore debt securities issued within Mainland China, the Sub-Fund may only invest in such securities which are rated at least AAA by a Mainland China credit rating agency, including but not limited to, Golden Credit Ratings, CCXI, United Rating, Dagong Global Credit Rating, Shanghai Brilliance Credit Rating & Investors Service; 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 and/or guarantor of such debt security.

- **Liquidity**: Investments that satisfy the above requirements will be assessed based on liquidity. The Manager will assess the liquidity of the investments based on historical liquidity of similar debt securities, by assessing the days to liquidate for such instruments. Only instruments with high liquidity will be included in the portfolio of the Sub-Fund.

The RMB-denominated and settled short-term and high quality debt securities issued in Mainland China invested by the Sub-Fund may be traded on the interbank bond market in Mainland China. The Sub-Fund may invest directly in such securities through all available means, including but not limited to, the QFI regime, Bond Connect, CIBM under the Foreign Access Regime or such other means as permitted by the relevant regulatory authorities from time to time. For the avoidance of doubt, the Sub-Fund will not invest 70% or more of its Net Asset Value via the QFI regime and/or the CIBM under the Foreign Access Regime.

Other Investments

The Sub-Fund may invest up to 15% of its Net Asset Value in high quality asset backed commercial papers ("**ABCP**"). ABCP are typically issued by a bank or other financial institution. They are backed by physical assets such as trade receivables, and are generally used for short-term financing needs. The Manager will select short term and high quality ABCP, using the same criteria as set out above for selection of short-term and high quality debt securities.

The Sub-Fund may invest up to 10% of its Net Asset Value in money market funds authorised by the SFC[3] under Chapter 8.2 of the UT Code or regulated in a manner generally comparable with the requirements of the SFC and

[3] SFC authorisation is not a recommendation or endorsement of a product nor does it guarantee the commercial merits of a product or its performance. It does not mean the product is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

acceptable to the SFC. Such money market funds may be managed by third parties or the Manager or its connected parties.

The Sub-Fund will not invest in instruments with loss-absorption features (such as contingent convertible bonds or senior non-preferred debt), structured deposits or structured products (save for ABCP as mentioned above) or to take any short positions.

Investment and borrowing restrictions

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

The Sub-Fund may borrow up to 10% of its Net Asset Value but only on a temporary basis for the purpose of meeting redemption requests or defraying operating expenses.

Use of derivatives

The Sub-Fund may use derivative instruments such as currency forward contracts, swaps, financial futures and options contracts for hedging purposes only. The Sub-Fund will not invest in any derivative instruments for investment purposes.

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

Securities Financing Transactions

The Sub-Fund may enter into Sale and Repurchase Transactions traded over-the counter for up to 10% of its Net Asset Value. Repurchase transactions are transactions where the Sub-Fund sells securities such as bonds for cash and simultaneously agrees to repurchase the securities from the counterparty at a pre-determined future date for a pre-determined price. A repurchase transaction is economically similar to secured borrowing, with the counterparty of the Sub-Fund receiving securities as collateral for the cash that it lends to the Sub-Fund. It is the intention of the Manager to sell the securities for cash equal to the market value of the securities provided to the counterparty. Cash obtained in Repurchase Transactions will be used for meeting redemption requests or defraying operating expenses, but will not be re-invested.

The Sub-Fund may enter into Reverse Repurchase Transactions traded over-the counter (provided that the aggregate amount of cash provided to the same counterparty may not exceed 15% of its Net Asset Value) for up to 30% of its Net Asset Value. Reverse repurchase transactions are transactions where the Sub-Fund buys securities such as bonds using cash and simultaneously agrees to sell such securities back to the counterparty at a pre-determined future date for a pre-determined price. A reverse repurchase transaction is economically similar to secured lending, with the counterparty of the Sub-Fund submitting securities as collateral for the cash that it borrows from the Sub-Fund. Collateral received by the Sub-Fund may only be cash or high quality money market instruments subject to the credit quality, maturity and liquidity requirements as set out above. The weighted average maturity and weighted average life of the collateral, together with other investments made by the Sub-Fund in accordance with the investment strategy set out herein, shall not exceed the limits as set out above. A counterparty to such transactions will be a financial institution subject to ongoing prudential regulation and supervision. It will be an independent counterparty approved by the Manager and is expected to have a minimum credit rating of BBB- or above (by

Moody's or Standard & Poor's), or any other equivalent ratings by international credit rating agencies, or be a licensed corporation with the SFC or registered institution with the Hong Kong Monetary Authority. Subject to the above, there is no requirement on its country of origin. All the revenues arising from such transactions, net of direct and indirect expenses as reasonable and normal compensation for the services rendered in the context of such transactions, will be returned to the Sub-Fund.

The maximum and expected aggregate exposure level of the Sub-Fund's engagement in Sale and Repurchase and/or Reverse Repurchase Transactions will be up to 40% of its Net Asset Value in aggregate. The Sub-Fund may not engage in securities lending.

SPECIFIC RISK FACTORS

Investors should review and consider all risks mentioned in the "***Risk Factors***" section in the Prospectus.

Amongst those risk factors, the following risk factors are of particular relevance to the Sub-Fund:

- Risk of not achieving investment objective
- General investment risk
- Market risk
- Volatility risk
- Risks relating to debt securities (or risks associated with short-term money market instruments / debt securities)
- Sovereign debt risks
- Credit rating agency risk
- Risks of investing in other funds
- Risks associated with bank deposits
- Borrowing risks
- Emerging markets risks
- China market risks
- Renminbi currency and conversion risks
- Renminbi Share Class risk
- Risks relating to Foreign Access Regime
- Risks relating to Bond Connect
- Risks associated with investments made through QFI regime
- Mainland China tax risk
- Concentration risk
- Settlement risk
- Custodial risk
- Counterparty risk
- Currency and foreign exchange risk
- Derivative and structured product risk
- Over-the-counter markets risk
- Hedging risk
- Liquidity risk
- Difficulties in valuation of investments
- Restricted markets risk
- Legal, tax and regulatory risk
- Risks associated with Securities Financing Transactions

- Risks associated with collateral management and re-investment of cash collateral
- Conflicts of interest; other activities of the Manager

INVESTING IN THE SUB-FUND AND REDEMPTION OF SHARES

Classes of Shares

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

Classes	Class Currency
Class A USD	USD
Class A HKD	HKD
Class A RMB	RMB
Class B USD	USD
Class B HKD	HKD
Class B RMB	RMB
Class I USD	USD
Class I HKD	HKD
Class I RMB	RMB
Class M USD^	USD
Class M HKD^	HKD
Class M RMB^	RMB

^Shares of Classes M are only available for public or private funds, managed accounts, as well as, notes or products, that are managed by the Manager.

Initial Offer Price

The Initial Offer Prices of the Classes of Shares are as follows:

Classes	Initial Offer Price
Class A USD	USD 100 per Share
Class A HKD	HKD 100 per Share
Class A RMB	RMB 100 per Share
Class B USD	USD 1 per Share
Class B HKD	HKD 1 per Share
Class B RMB	RMB 1 per Share
Class I USD	USD 100 per Share
Class I HKD	HKD 100 per Share
Class I RMB	RMB 100 per Share
Class M USD	USD 100 per Share
Class M HKD	HKD 100 per Share
Class M RMB	RMB 100 per Share

Minimum Initial Subscription Amount

The Minimum Initial Subscription Amounts of the Classes of Shares are as follows:

Classes	Minimum Initial Subscription Amounts
Class A USD	USD1,000
Class A HKD	HKD10,000
Class A RMB	RMB10,000
Class B USD	USD1
Class B HKD	HKD1
Class B RMB	RMB1
Class I USD	USD100,000

Class I HKD	HKD600,000
Class I RMB	RMB600,000
Class M USD	USD100,000
Class M HKD	HKD600,000
Class M RMB	RMB600,000

Minimum Subsequent Subscription Amount

The Minimum Subsequent Subscription Amounts of the Classes of Shares are as follows:

Classes	Minimum Subsequent Subscription Amounts
Class A USD	USD1,000
Class A HKD	HKD10,000
Class A RMB	RMB10,000
Class B USD	USD1
Class B HKD	HKD1
Class B RMB	RMB1
Class I USD	USD100,000
Class I HKD	HKD600,000
Class I RMB	RMB600,000
Class M USD	USD100,000
Class M HKD	HKD600,000
Class M RMB	RMB600,000

Minimum Redemption Amount

The Minimum Redemption Amounts of the Classes of Shares are as follows:

Classes	Minimum Redemption Amounts
Class A USD	USD1,000
Class A HKD	HKD10,000
Class A RMB	RMB10,000
Class B USD	USD1
Class B HKD	HKD1
Class B RMB	RMB1
Class I USD	Nil
Class I HKD	Nil
Class I RMB	Nil
Class M USD	Nil
Class M HKD	Nil
Class M RMB	Nil

Minimum Holding Amount

The Minimum Holding Amounts of the Classes of Shares are as follows:

Classes	Minimum Holding Amounts
Class A USD	USD1,000
Class A HKD	HKD10,000
Class A RMB	RMB10,000
Class B USD	USD1
Class B HKD	HKD1
Class B RMB	RMB1
Class I USD	USD100,000
Class I HKD	HKD600,000

Class I RMB	RMB600,000
Class M USD	USD100,000
Class M HKD	HKD600,000
Class M RMB	RMB600,000

CONVERSION

Shareholders shall be entitled to convert all or part of their Shares of a Class of the Sub-Fund into Shares of another Class (except for Class M) in the Sub-Fund or into Shares of another sub-fund of the Company available for subscription or conversion. Where converting to another sub-fund of the Company, Shares of a Class can only be converted into Shares of the same Class of that other sub-fund.

DISTRIBUTION POLICY

Accumulation Class(es)

Class A USD, Class A HKD, Class A RMB, Class B USD, Class B HKD, Class B RMB, Class I USD, Class I HKD, Class I RMB, Class M USD, Class M HKD and Class M RMB are Accumulation Classes.

For the Accumulation Classes, no distribution will be made to Shareholders.

FEES AND EXPENSES

Fees payable by investors:

Class	**Class A USD, Class A HKD and Class A RMB Shares**		**Class B USD, Class B HKD and Class B RMB Shares**		**Class I USD, Class I HKD and Class I RMB Shares**		**Class M USD, Class M HKD and Class M RMB Shares**	
	Current	**Maximum**	**Current**	**Maximum**	**Current**	**Maximum**	**Current**	**Maximum**
Preliminary Charge (% of subscription amount)	Up to 0.5%	0.5%	Up to 0.5%	0.5%	Up to 0.5%	0.5%	Nil	Nil
Redemption Charge	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Conversion Charge	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

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

Class	Class A USD, Class A HKD and Class A RMB Shares		Class B USD, Class B HKD and Class B RMB Shares		Class I USD, Class I HKD and Class I RMB Shares		Class M USD, Class M HKD and Class M RMB Shares	
	Current	**Maximum**	**Current**	**Maximum**	**Current**	**Maximum**	**Current**	**Maximum**
Management fee (% of Net Asset Value of the relevant Class per annum)	0.15%	0.25%	0.6%	0.6%	0.1%	0.2%	Nil	Nil
Performance fee	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Custodian and Administration fee (% of Net Asset Value of the Sub-Fund per annum) On the first USD 100 million of the Net Asset Value of the Sub-Fund / On any portion of the Sub-Fund's Net Asset Value in excess of USD 100 million (subject to a minimum monthly fee of USD 3,500 (or equivalent) after six months from the launch of the Sub-Fund)	0.06% 0.05%	0.06% 0.05%	0.06% 0.05%	0.06% 0.05%	0.06% 0.05%	0.06% 0.05%	0.06% 0.05%	0.06% 0.05%

Establishment costs The establishment costs of the Company and the initial Sub-Funds are approximately US$84,000 and will be borne by the Sub-Fund and other initial sub-funds in proportion to their respective Net Asset Value. The establishment costs will be amortised over the Amortisation Period on a straight-line basis.

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 2023 and the first Semi-Annual Accounting Date of the Sub-Fund would be 30 June 2023.

APPENDIX 2 – CLSA SHORT DURATION BOND FUND (FORMERLY KNOWN AS "CLSA SHORT DURATION CHINA BOND FUND")

This Appendix (which forms part of, and should be read together with the rest of, the Prospectus) relates to the CLSA Short Duration Bond Fund[4] *("**Sub-Fund**"), a sub-fund of the Company.*

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 Prospectus.

"**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**"	U.S. Dollar
"**Class**"	Class A, Class I and Class M
"**Class Currency**"	Class A USD, Class I USD, Class M USD: USD Class A HKD, Class I HKD, Class M HKD: HKD Class A RMB, Class I RMB, Class M RMB: RMB
"**Dealing Day**"	each Business Day
"**Dealing Deadline**"	4:00 p.m. (Hong Kong time) on the relevant Dealing Day by which an application for subscription or a redemption or conversion request in respect of the Sub-Fund or a Class of Shares must be received or such other time or on such other Business Day or day as the Directors may from time to time determine generally or in relation to any particular jurisdiction in which Shares of the Sub-Fund or the relevant Class may from time to time be sold
"**Payment Period**"	no more than 2 Business Days after the relevant Dealing Day on which a subscription is made and the relevant Shares are issued
"**Sub-Fund**"	CLSA Short Duration Bond Fund
"**Valuation Day**"	each Business Day on which the Net Asset Value of the Sub-Fund and/or the Net Asset Value of a Share or a Class of Share of the Sub-Fund falls to be calculated and in relation to each Dealing Day of any Class or Classes of Shares means either such Dealing Day or such other Business Day or day as the Directors may from time to time determine, either generally or in relation to a particular Class of Shares

[4] "CLSA" is the trading name used by various indirect subsidiaries of CITIC Securities Company Limited outside of mainland China.

INVESTMENT CONSIDERATIONS

Investment objective

The Sub-Fund seeks to maximise total return by investing primarily in investment grade short duration debt securities issued globally with an average duration of less than three years, aiming to generate a steady flow of income in addition to capital appreciation for the Sub-Fund.

Investment policies

The Sub-Fund will invest at least 70% of its Net Asset Value in fixed or floating rate investment grade debt securities denominated in USD, EUR, HKD, onshore RMB ("**CNY**") or offshore RMB ("**CNH**") ("Dim Sum" bonds, i.e. bonds issued outside of Mainland China but denominated in CNH), issued or traded in global debt securities markets. The debt securities invested by the Sub-Fund may be issued by government, quasi-governmental bodies, banks, financial institutions or other corporate entities. The average duration of the Sub-Fund's investment in debt securities as a whole will be less than three years.

For the purpose of the Sub-Fund, an investment grade debt security refers to a debt security which (or if the debt security is not rated, then the credit rating of the issuer or guarantor of such security will be considered) is rated Baa3/BBB- or higher using the highest rating available from one of the internationally recognised credit rating agencies (e.g. Standard & Poor's, Moody's and/or Fitch); or rated AAA by a Mainland China credit rating agency, including but not limited to, Golden Credit Ratings, China Chengxin International Credit Rating, United Rating, Dagong Global Credit Rating, Shanghai Brilliance Credit Rating & Investors Service for onshore debt securities issued within Mainland China.

The Sub-Fund may invest less than 30% of its Net Asset Value in offshore debt securities issued outside Mainland China which are rated below investment grade or unrated (i.e. debt securities themselves nor their issuers have a credit rating). For onshore debt securities issued within Mainland China, the Sub-Fund may not invest in such securities which are rated below investment grade or unrated.

While the credit rating criteria above will be observed at all times, the selection of debt securities for investment is not exclusively based on credit ratings, the Manager will also conduct its own assessment on the credit quality based on quantitative and qualitative fundamentals, including without limitation, the issuer's leverage, operating margin, return on capital, interest coverage, operating cash flows, industry standing, business and financial prospect and corporate governance issue. In the event of downgrading in the credit rating of a security or an issuer relating to a security, the Manager may or may not dispose of the security, depending on the market conditions, having regard to the best interests of shareholders and the investment objective of the Sub-Fund. Subject to market conditions, the Manager may consider it is more appropriate to keep such downgraded security in the Sub-Fund's portfolio temporarily and will dispose of such downgraded security within a reasonable time period in a gradual and orderly manner in light of the then prevailing market conditions.

While the Sub-Fund has no particular geographical focus, the Sub-Fund may invest in debt securities concentrated in any one country or region from time to time.

Besides, the Sub-Fund may invest less than 30% of its Net Asset Value in RMB-denominated and settled onshore investment grade debt securities issued within Mainland China directly through all available means, including but not limited to, the QFI regime, Bond Connect, CIBM under the Foreign Access Regime or such other means as permitted by the relevant regulatory authorities from time to time.

The Sub-Fund's investments in debt securities issued or guaranteed by entities within the same group will not exceed 15% of its Net Asset Value.

The Sub-Fund may invest less than 20% of its Net Asset Value in convertible bonds.

The Sub-Fund may invest less than 20% of its Net Asset Value in offshore urban investment bonds (城投債), which are debt instruments issued outside Mainland China by local government financing vehicles ("**LGFVs**"). These LGFVs are separate legal entities established by local governments and / or their affiliates to raise financing for public welfare investment or infrastructure projects.

The Sub-Fund may invest less than 30% of its Net Asset Value in debt instruments with loss-absorption features ("**LAPs**") which may include instruments classified as Additional Tier 1 ("**AT1s**") / Tier 2 capital instruments that meet the qualifying criteria under the Banking (Capital) Rules or an equivalent regime of non-Hong Kong jurisdictions, Contingent Convertible Securities ("**CoCos**"), non-preferred senior bonds which may also be known as Tier 3 bonds and other instruments eligible to count as loss-absorbing capacity under the resolution regime for financial institution. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s) (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). For AT1s to be invested by the Sub-Fund, such securities must be rated at least BB- or above by an internationally recognised credit rating agency (i.e. Standard & Poor's, Fitch, Moody's or equivalent), and the issuers or guarantors of such securities must be rated investment grade (as defined above). For the avoidance of doubt, the Sub-Fund's investment in LAPs is subject to the minimum 70% investment grade overall credit rating threshold as mentioned above.

The Sub-Fund will not invest more than 10% of its Net Asset Value in securities issued by or guaranteed by any single country or region that is below investment grade (including its government and a public or local authority of that country or region).

The Sub-Fund may hold less than 30% of its Net Asset Value in cash and cash equivalents, which may include cash, deposits, money market instruments and money market funds (which may be managed by the Manager or its connected person(s) or other external asset manager(s)) for liquidity and cash management purposes. Under exceptional

	circumstances (e.g. market crash or major crisis), the Sub-Fund may invest temporarily up to 70% of Net Asset Value in such liquid assets for cash flow management. The Sub-Fund may invest less than 30% of its Net Asset Value in other collective investment schemes. Such collective investment schemes may be managed by third parties or the Manager or its connected parties.
Investment and borrowing restrictions	The Sub-Fund is subject to the investment and borrowing restrictions as set out in Schedule 1 to the Prospectus.
Use of derivatives	The Sub-Fund may use derivative instruments such as interest rate and currency futures for hedging and/or investment purposes. The Sub-Fund's net derivative exposure may be up to 50% of the Sub-Fund's Net Asset Value.
Securities Financing Transactions	The Manager currently does not intend to enter into any Securities Financing Transactions (including Securities Lending Transactions, Sale and Repurchase Transactions and Reverse Repurchase Transactions) on behalf of the Sub-Fund.

SPECIFIC RISK FACTORS

Investors should review and consider all risks mentioned in the "***Risk Factors***" section in the Prospectus.

Amongst those risk factors, the following risk factors are of particular relevance to the Sub-Fund:

- Risk of not achieving investment objective
- General investment risk
- Market risk
- Volatility risk
- Risks relating to debt securities
- Sovereign debt risks
- Risks of investing in convertible bonds
- Risks associated with debt instruments with loss-absorption features
- "Dim Sum" bonds market risks
- Risks of investing in urban investment bonds
- Risks of investing in other funds
- Borrowing risks
- Emerging markets risks
- China market risks
- Renminbi currency and conversion risks
- Renminbi Share Class risk
- Risks relating to Foreign Access Regime
- Risks relating to Bond Connect
- Concentration risk
- Settlement risk
- Custodial risk
- Counterparty risk
- Currency and foreign exchange risk
- Derivative and structured product risk

- Over-the-counter markets risk
- Hedging risk
- Liquidity risk
- Difficulties in valuation of investments
- Restricted markets risk
- Legal, tax and regulatory risk
- Risks associated with collateral management and re-investment of cash collateral
- Distributions out of/effectively out of capital risk

INVESTING IN THE SUB-FUND AND REDEMPTION OF SHARES

Classes of Shares

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

Classes	Class Currency
Class A USD (Accumulation)	USD
Class A USD (Distribution)	USD
Class A HKD (Accumulation)	HKD
Class A HKD (Distribution)	HKD
Class A RMB (Accumulation)	RMB
Class A RMB (Distribution)	RMB
Class I USD (Accumulation)	USD
Class I USD (Distribution)	USD
Class I HKD (Accumulation)	HKD
Class I HKD (Distribution)	HKD
Class I RMB (Accumulation)	RMB
Class I RMB (Distribution)	RMB
Class M USD (Accumulation)^	USD
Class M USD (Distribution)^	USD
Class M HKD (Accumulation)^	HKD
Class M HKD (Distribution)^	HKD
Class M RMB (Accumulation)^	RMB
Class M RMB (Distribution)^	RMB

^Shares of Classes M are only available for public or private funds, managed accounts, as well as, notes or products, that are managed by the Manager.

Initial Offer Price

The Initial Offer Prices of the Classes of Shares are as follows:

Classes	Initial Offer Price
Class A USD (Accumulation)	USD 100 per Share
Class A USD (Distribution)	USD 100 per Share
Class A HKD (Accumulation)	HKD 100 per Share
Class A HKD (Distribution)	HKD 100 per Share
Class A RMB (Accumulation)	RMB 100 per Share
Class A RMB (Distribution)	RMB 100 per Share
Class I USD (Accumulation)	USD 100 per Share
Class I USD (Distribution)	USD 100 per Share
Class I HKD (Accumulation)	HKD 100 per Share
Class I HKD (Distribution)	HKD 100 per Share
Class I RMB (Accumulation)	RMB 100 per Share
Class I RMB (Distribution)	RMB 100 per Share

Class M USD (Accumulation)	USD 100 per Share
Class M USD (Distribution)	USD 100 per Share
Class M HKD (Accumulation)	HKD 100 per Share
Class M HKD (Distribution)	HKD 100 per Share
Class M RMB (Accumulation)	RMB 100 per Share
Class M RMB (Distribution)	RMB 100 per Share

Minimum Initial Subscription Amount

The Minimum Initial Subscription Amounts of the Classes of Shares are as follows:

Classes	Minimum Initial Subscription Amounts
Class A USD (Accumulation)	USD1,000
Class A USD (Distribution)	USD1,000
Class A HKD (Accumulation)	HKD10,000
Class A HKD (Distribution)	HKD10,000
Class A RMB (Accumulation)	RMB10,000
Class A RMB (Distribution)	RMB10,000
Class I USD (Accumulation)	USD200,000
Class I USD (Distribution)	USD200,000
Class I HKD (Accumulation)	HKD1,000,000
Class I HKD (Distribution)	HKD1,000,000
Class I RMB (Accumulation)	RMB1,000,000
Class I RMB (Distribution)	RMB1,000,000
Class M USD (Accumulation)	USD200,000
Class M USD (Distribution)	USD200,000
Class M HKD (Accumulation)	HKD1,000,000
Class M HKD (Distribution)	HKD1,000,000
Class M RMB (Accumulation)	RMB1,000,000
Class M RMB (Distribution)	RMB1,000,000

Minimum Subsequent Subscription Amount

The Minimum Subsequent Subscription Amounts of the Classes of Shares are as follows:

Classes	Minimum Subsequent Subscription Amounts
Class A USD (Accumulation)	USD1,000
Class A USD (Distribution)	USD1,000
Class A HKD (Accumulation)	HKD10,000
Class A HKD (Distribution)	HKD10,000
Class A RMB (Accumulation)	RMB10,000
Class A RMB (Distribution)	RMB10,000
Class I USD (Accumulation)	USD100,000
Class I USD (Distribution)	USD100,000
Class I HKD (Accumulation)	HKD500,000
Class I HKD (Distribution)	HKD500,000
Class I RMB (Accumulation)	RMB500,000
Class I RMB (Distribution)	RMB500,000
Class M USD (Accumulation)	USD100,000
Class M USD (Distribution)	USD100,000
Class M HKD (Accumulation)	HKD500,000
Class M HKD (Distribution)	HKD500,000
Class M RMB (Accumulation)	RMB500,000
Class M RMB (Distribution)	RMB500,000

Minimum Redemption Amount

The Minimum Redemption Amounts of the Classes of Shares are as follows:

Classes	Minimum Redemption Amounts
Class A USD (Accumulation)	USD1,000
Class A USD (Distribution)	USD1,000
Class A HKD (Accumulation)	HKD10,000
Class A HKD (Distribution)	HKD10,000
Class A RMB (Accumulation)	RMB10,000
Class A RMB (Distribution)	RMB10,000
Class I USD (Accumulation)	Nil
Class I USD (Distribution)	Nil
Class I HKD (Accumulation)	Nil
Class I HKD (Distribution)	Nil
Class I RMB (Accumulation)	Nil
Class I RMB (Distribution)	Nil
Class M USD (Accumulation)	Nil
Class M USD (Distribution)	Nil
Class M HKD (Accumulation)	Nil
Class M HKD (Distribution)	Nil
Class M RMB (Accumulation)	Nil
Class M RMB (Distribution)	Nil

Minimum Holding Amount

The Minimum Holding Amounts of the Classes of Shares are as follows:

Classes	Minimum Holding Amounts
Class A USD (Accumulation)	USD1,000
Class A USD (Distribution)	USD1,000
Class A HKD (Accumulation)	HKD10,000
Class A HKD (Distribution)	HKD10,000
Class A RMB (Accumulation)	RMB10,000
Class A RMB (Distribution)	RMB10,000
Class I USD (Accumulation)	USD200,000
Class I USD (Distribution)	USD200,000
Class I HKD (Accumulation)	HKD1,000,000
Class I HKD (Distribution)	HKD1,000,000
Class I RMB (Accumulation)	RMB1,000,000
Class I RMB (Distribution)	RMB1,000,000
Class M USD (Accumulation)	USD200,000
Class M USD (Distribution)	USD200,000
Class M HKD (Accumulation)	HKD1,000,000
Class M HKD (Distribution)	HKD1,000,000
Class M RMB (Accumulation)	RMB1,000,000
Class M RMB (Distribution)	RMB1,000,000

CONVERSION

Shareholders shall be entitled to convert all or part of their Shares of a Class of the Sub-Fund into Shares of another Class (except for Class M) in the Sub-Fund or into Shares of another sub-fund of the Company available for subscription or conversion. Where converting to another sub-fund of the Company, Shares of a Class can only be converted into Shares of the same Class of that other sub-fund.

DISTRIBUTION POLICY

Distribution Class(es)

Class A USD (Distribution), Class A HKD (Distribution), Class A RMB (Distribution), Class I USD (Distribution), Class I HKD (Distribution), Class I RMB (Distribution), Class M USD (Distribution), Class M HKD (Distribution) and Class M RMB (Distribution) are Distribution Classes.

For the Distribution Classes, distribution, if any, may be made monthly. The Directors have discretion as to whether or not to make any distribution of dividends and amount of dividends. However, there is no guarantee of regular distribution nor, where distribution is made, the amount being distributed. Dividends may be paid out of capital or effectively out of capital of the relevant share class and may result in an immediate reduction of the Net Asset Value per share of the Sub-Fund.

All distributions declared on the Sub-Fund may be paid in cash or may be applied to subscribe for additional Shares in the relevant Distribution Classes at the option of the Shareholder as indicated in the Application Form. Distributions will be applied to subscribe for additional Shares in the relevant Class of the Sub-Fund by default if Shareholders do not specify the means of distributions in the Application Form. If Shareholders elect to be paid in cash, the relevant proceeds will be paid to the Shareholders accordingly within one month of declaration.

The cash distribution (if any) will be paid to Shareholders at their own risk and expense by telegraphic transfer in Class Currency normally within one calendar month after the declaration of such distribution by the Manager.

Accumulation Class(es)

Class A USD (Accumulation), Class A HKD (Accumulation), Class A RMB (Accumulation), Class I USD (Accumulation), Class I HKD (Accumulation), Class I RMB (Accumulation), Class M USD (Accumulation), Class M HKD (Accumulation) and Class M RMB (Accumulation) are Accumulation Classes.

For the Accumulation Classes, no distribution will be made to Shareholders.

Please refer to the section headed "***Distribution policy***" and the risk factor headed "***Distributions out of/effectively out of capital risk***" in the main part of the Prospectus for further details.

FEES AND EXPENSES

Fees payable by investors:

Class	Class A		Class I		Class M	
	Current	**Maximum**	**Current**	**Maximum**	**Current**	**Maximum**
Preliminary Charge (% of subscription amount)	Up to 5%	5%	Up to 5%	5%	Nil	Nil
Redemption Charge (% of redemption amount) The Redemption Charge will be retained by or paid to the Manager for its own absolute use and benefit.	Nil	5%	Nil	3%	Nil	Nil
Conversion Charge (% of the redemption price for each Share switched out)	Up to 1%	1%	Up to 1%	1%	Nil	Nil

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

Class	Class A		Class I		Class M	
	Current	**Maximum**	**Current**	**Maximum**	**Current**	**Maximum**
Management fee (% of Net Asset Value of the relevant Class per annum)	1.25%	2.0%	0.6%	1.5%	Nil	Nil
Performance fee	Nil	Nil	Nil	Nil	Nil	Nil
Custodian and Administration fee (% of Net Asset Value of the Sub-Fund per annum) On the first USD 100 million of the Net Asset Value of the Sub-Fund / On any portion of the Sub-Fund's Net Asset Value in excess of USD 100 million (subject to a minimum monthly fee of USD 3,500 (or equivalent) after six months from the launch of the Sub-Fund)	0.06% 0.05%	0.06% 0.05%	0.06% 0.05%	0.06% 0.05%	0.06% 0.05%	0.06% 0.05%

Establishment costs The establishment costs of the Company and the initial Sub-Funds are approximately US$84,000 and will be borne by the Sub-Fund and other initial sub-funds in proportion to their respective Net Asset Value. The establishment costs will be amortised over the Amortisation Period on a straight-line basis.

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 2023 and the first Semi-Annual Accounting Date of the Sub-Fund would be 30 June 2023.

APPENDIX 3 – CLSA GREATER CHINA HIGH DIVIDEND EQUITY FUND[5]

*This Appendix (which forms part of, and should be read together with the rest of, the Prospectus) relates to the CLSA Greater China High Dividend Equity Fund ("**Sub-Fund**"), a sub-fund of the Company.*

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 Prospectus.

"**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**"	Hong Kong Dollars
"**Class**"	Class A and Class I
"**Class Currency**"	Class A USD, Class I USD: USD Class A HKD, Class I HKD: HKD Class A RMB, Class I RMB, Class A RMB (Hedged), Class I RMB (Hedged): RMB
"**Dealing Day**"	each Business Day
"**Dealing Deadline**"	4:00 p.m. (Hong Kong time) on the relevant Dealing Day by which an application for subscription or a redemption or conversion request in respect of the Sub-Fund or a Class of Shares must be received or such other time or on such other Business Day or day as the Directors may from time to time determine generally or in relation to any particular jurisdiction in which Shares of the Sub-Fund or the relevant Class may from time to time be sold
"**Initial Offer Period**"	the period commencing 9.00 a.m. (Hong Kong time) on 2 July 2024 to 4.00 p.m. (Hong Kong time) on 4 July 2024 (or such other dates as the Manager may determine)
"**Payment Period**"	no more than 2 Business Days after the relevant Dealing Day on which a subscription is made and the relevant Shares are issued
"**Sub-Fund**"	CLSA Greater China High Dividend Equity Fund
"**Valuation Day**"	each Business Day on which the Net Asset Value of the Sub-Fund and/or the Net Asset Value of a Share or a Class of Share of the Sub-Fund falls to be calculated and in relation to each Dealing Day of any

[5] "CLSA" is the trading name used by various indirect subsidiaries of CITIC Securities Company Limited outside of mainland China.

	Class or Classes of Shares means either such Dealing Day or such other Business Day or day as the Directors may from time to time determine, either generally or in relation to a particular Class of Shares

INVESTMENT CONSIDERATIONS

Investment objective	The Sub-Fund aims to achieve long-term capital appreciation by investing primarily in equities and equity-related securities of companies which are incorporated in, have their area of primary activities in or are related to the growth of Greater China economy (comprising Mainland China, Hong Kong and Macau), which is expected to result in a portfolio of investments with overall potential high dividend yield (i.e. expected overall portfolio dividend yield higher than the Greater China markets average).
Investment policy	The Sub-Fund will invest at least 70% of its Net Asset Value in equities and equity-related securities of companies are incorporated in, have their area of primary activities in or are related to the growth of Greater China economy, which is expected to result in a portfolio of investments with overall potential high dividend yield. The Sub-Fund may invest in equities of any market capitalisation and in any sector. The Sub-Fund may invest substantially (i.e. 30% or more of Net Asset Value) in China A-shares and/or China B-shares. Exposure to China A-shares may either be obtained directly via the Stock Connect or the QFI regime; or indirectly by way of access products (e.g. participatory notes linked to China A-shares, other funds investing in China A-shares); or such other means as permitted by the relevant regulatory authorities from time to time. For the avoidance of doubt, the Sub-Fund will invest less than 70% of its Net Asset Value solely via the QFI regime. The Sub-Fund may invest less than 30% of its Net Asset Value in other collective investment schemes, including but not limit to, unlisted index funds, listed ETF (including synthetic ETF (i.e. ETF that track an index by investing primarily in derivative instruments) and/or real estate investment trusts. The Sub-Fund may hold less than 30% of its Net Asset Value in fixed income instruments, cash, money market funds and bank deposits in adverse market conditions for the purposes of managing downside risk. Subject to the aforementioned aggregate exposure limit on fixed income instruments, the Sub-Fund may also invest in US treasury bills, notes and bonds and treasury inflation-protected securities. The Sub-Fund will not invest more than 10% of its Net Asset Value in securities issued by or guaranteed by any single country or region that is below investment grade (including its government and a public or local authority of that country or region).
Investment and borrowing restrictions	The Sub-Fund is subject to the investment and borrowing restrictions as set out in Schedule 1 to the Prospectus.

Use of derivatives	The Sub-Fund may use derivative instruments such as currency forward contracts, swaps, financial futures and options contracts for hedging purposes. The Sub-Fund's net derivative exposure may be up to 50% of the Sub-Fund's Net Asset Value.
Securities Financing Transactions	The Manager will not engage in Securities Financing Transactions (including Securities Lending Transactions, Sale and Repurchase Transactions and Reverse Repurchase Transactions) on behalf of the Sub-Fund.

SPECIFIC RISK FACTORS

Investors should review and consider all risks mentioned in the "***Risk Factors***" section in the Prospectus.

Amongst those risk factors, the following risk factors are of particular relevance to the Sub-Fund:

- Risk of not achieving investment objective
- General investment risk
- Market risk
- Equity investment risks
- Volatility risk
- Risk relating to small-capitalisation / mid-capitalisation companies
- Risks of investing in IPO securities
- Risks relating to debt securities
- Risks associated with investment in ETF
- Risks associated with investment in REITs
- Borrowing risks
- Emerging markets risks
- China market risks
- Renminbi currency and conversion risks
- Renminbi Share Class risk
- Risks associated with China A-shares and other equity securities issued within Mainland China
- Risks associated with ChiNext Board and/or the STAR Board
- Risks associated with the Stock Connect
- Risks associated with investments made through QFI regime
- Mainland China tax risk
- Concentration risk
- Settlement risk
- Custodial risk
- Counterparty risk
- Currency and foreign exchange risk
- Derivative and structured product risk
- Over-the-counter markets risk
- Hedging risk
- Currency hedging risk
- Liquidity risk
- Difficulties in valuation of investments
- Restricted markets risk
- Legal, tax and regulatory risk

- Risks associated with collateral management and re-investment of cash collateral
- Distributions out of/effectively out of capital risk

INVESTING IN THE SUB-FUND AND REDEMPTION OF SHARES

Classes of Shares

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

Classes	Class Currency
Class A USD (Accumulation)	USD
Class A USD (Distribution)	USD
Class A HKD (Accumulation)	HKD
Class A HKD (Distribution)	HKD
Class A RMB (Accumulation)	RMB
Class A RMB (Distribution)	RMB
Class A RMB (Hedged) (Accumulation)	RMB
Class A RMB (Hedged) (Distribution)	RMB
Class I USD (Accumulation)	USD
Class I USD (Distribution)	USD
Class I HKD (Accumulation)	HKD
Class I HKD (Distribution)	HKD
Class I RMB (Accumulation)	RMB
Class I RMB (Distribution)	RMB
Class I RMB (Hedged) (Accumulation)	RMB
Class I RMB (Hedged) (Distribution)	RMB

Initial Offer Price

The Initial Offer Prices of the Classes of Shares are as follows:

Classes	Initial Offer Price
Class A USD (Accumulation)	USD 100 per Share
Class A USD (Distribution)	USD 100 per Share
Class A HKD (Accumulation)	HKD 100 per Share
Class A HKD (Distribution)	HKD 100 per Share
Class A RMB (Accumulation)	RMB 100 per Share
Class A RMB (Hedged) (Accumulation)	RMB 100 per Share
Class A RMB (Distribution)	RMB 100 per Share
Class A RMB (Hedged) (Distribution)	RMB 100 per Share
Class I USD (Accumulation)	USD 100 per Share
Class I USD (Distribution)	USD 100 per Share
Class I HKD (Accumulation)	HKD 100 per Share
Class I HKD (Distribution)	HKD 100 per Share
Class I RMB (Accumulation)	RMB 100 per Share
Class I RMB (Hedged) (Accumulation)	RMB 100 per Share
Class I RMB (Distribution)	RMB 100 per Share
Class I RMB (Hedged) (Distribution)	RMB 100 per Share

Minimum Initial Subscription Amount

The Minimum Initial Subscription Amounts of the Classes of Shares are as follows:

Classes	Minimum Initial Subscription Amounts

Class A USD (Accumulation)	USD1,000
Class A USD (Distribution)	USD1,000
Class A HKD (Accumulation)	HKD10,000
Class A HKD (Distribution)	HKD10,000
Class A RMB (Accumulation)	RMB10,000
Class A RMB (Hedged) (Accumulation)	RMB10,000
Class A RMB (Distribution)	RMB10,000
Class A RMB (Hedged) (Distribution)	RMB10,000
Class I USD (Accumulation)	USD1,000,000
Class I USD (Distribution)	USD1,000,000
Class I HKD (Accumulation)	HKD7,000,000
Class I HKD (Distribution)	HKD7,000,000
Class I RMB (Accumulation)	RMB7,000,000
Class I RMB (Hedged) (Accumulation)	RMB7,000,000
Class I RMB (Distribution)	RMB7,000,000
Class I RMB (Hedged) (Distribution)	RMB7,000,000

Minimum Subsequent Subscription Amount

The Minimum Subsequent Subscription Amounts of the Classes of Shares are as follows:

Classes	**Minimum Subsequent Subscription Amounts**
Class A USD (Accumulation)	USD1,000
Class A USD (Distribution)	USD1,000
Class A HKD (Accumulation)	HKD10,000
Class A HKD (Distribution)	HKD10,000
Class A RMB (Accumulation)	RMB10,000
Class A RMB (Hedged) (Accumulation)	RMB10,000
Class A RMB (Distribution)	RMB10,000
Class A RMB (Hedged) (Distribution)	RMB10,000
Class I USD (Accumulation)	Nil
Class I USD (Distribution)	Nil
Class I HKD (Accumulation)	Nil
Class I HKD (Distribution)	Nil
Class I RMB (Accumulation)	Nil
Class I RMB (Hedged) (Accumulation)	Nil
Class I RMB (Distribution)	Nil
Class I RMB (Hedged) (Distribution)	Nil

Minimum Redemption Amount

The Minimum Redemption Amounts of the Classes of Shares are as follows:

Classes	**Minimum Redemption Amounts**
Class A USD (Accumulation)	USD1,000
Class A USD (Distribution)	USD1,000
Class A HKD (Accumulation)	HKD10,000
Class A HKD (Distribution)	HKD10,000
Class A RMB (Accumulation)	RMB10,000

Class A RMB (Hedged) (Accumulation)	RMB10,000
Class A RMB (Distribution)	RMB10,000
Class A RMB (Hedged) (Distribution)	RMB10,000
Class I USD (Accumulation)	Nil
Class I USD (Distribution)	Nil
Class I HKD (Accumulation)	Nil
Class I HKD (Distribution)	Nil
Class I RMB (Accumulation)	Nil
Class I RMB (Hedged) (Accumulation)	Nil
Class I RMB (Distribution)	Nil
Class I RMB (Hedged) (Distribution)	Nil

Minimum Holding Amount

The Minimum Holding Amounts of the Classes of Shares are as follows:

Classes	Minimum Holding Amounts
Class A USD (Accumulation)	USD1,000
Class A USD (Distribution)	USD1,000
Class A HKD (Accumulation)	HKD10,000
Class A HKD (Distribution)	HKD10,000
Class A RMB (Accumulation)	RMB10,000
Class A RMB (Hedged) (Accumulation)	RMB10,000
Class A RMB (Distribution)	RMB10,000
Class A RMB (Hedged) (Distribution)	RMB10,000
Class I USD (Accumulation)	USD1,000,000
Class I USD (Distribution)	USD1,000,000
Class I HKD (Accumulation)	HKD7,000,000
Class I HKD (Distribution)	HKD7,000,000
Class I RMB (Accumulation)	RMB7,000,000
Class I RMB (Hedged) (Accumulation)	RMB7,000,000
Class I RMB (Distribution)	RMB7,000,000
Class I RMB (Hedged) (Distribution)	RMB7,000,000

CONVERSION

Shareholders shall be entitled to convert all or part of their Shares of a Class of the Sub-Fund into Shares of another Class in the Sub-Fund or into Shares of another sub-fund of the Company available for subscription or conversion. Where converting to another sub-fund of the Company, Shares of a Class can only be converted into Shares of the same Class of that other sub-fund.

DISTRIBUTION POLICY

Distribution Class(es)

Class A USD (Distribution), Class A HKD (Distribution), Class A RMB (Distribution), Class A RMB (Hedged) (Distribution), Class I USD (Distribution), Class I HKD (Distribution), Class I RMB (Distribution) and Class I RMB (Hedged) (Distribution) are Distribution Classes.

For the Distribution Classes, distribution, if any, may be made monthly in the respective Class Currency. The Directors have discretion as to whether or not to make any distribution of dividends and amount of dividends. However, there is no guarantee of regular distribution nor, where distribution is made, the amount being distributed. Dividends may be paid out of capital or effectively out of capital

of the relevant share class and may result in an immediate reduction of the Net Asset Value per share of the Sub-Fund.

All distributions declared on the Sub-Fund may be paid in cash or may be applied to subscribe for additional Shares in the relevant Distribution Classes at the option of the Shareholder as indicated in the Application Form. Distributions will be applied to subscribe for additional Shares in the relevant Class of the Sub-Fund by default if Shareholders do not specify the means of distributions in the Application Form. If Shareholders elect to be paid in cash, the relevant proceeds will be paid to the Shareholders accordingly within one month of declaration.

The cash distribution (if any) will be paid to Shareholders at their own risk and expense by telegraphic transfer in Class Currency normally within one calendar month after the declaration of such distribution by the Manager.

Accumulation Class(es)

Class A USD (Accumulation), Class A HKD (Accumulation), Class A RMB (Accumulation), Class A RMB (Hedged) (Accumulation), Class I USD (Accumulation), Class I HKD (Accumulation), Class I RMB (Accumulation) and Class I RMB (Hedged) (Accumulation) are Accumulation Classes.

For the Accumulation Classes, no distribution will be made to Shareholders.

Please refer to the section headed "***Distribution policy***" and the risk factor headed "***Distributions out of/effectively out of capital risk***" in the main part of the Prospectus for further details.

FEES AND EXPENSES

Fees payable by investors:

Class	Class A		Class I	
	Current	**Maximum**	**Current**	**Maximum**
Preliminary Charge (% of subscription amount)	Up to 5%	5%	Up to 3%	3%
Redemption Charge (% of redemption amount) The Redemption Charge will be retained by or paid to the Manager for its own absolute use and benefit.	Nil	5%	Nil	3%
Conversion Charge (% of the redemption price for each Share switched out)	Up to 1%	1%	Up to 1%	1%

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

Class	Class A		Class I	
	Current	**Maximum**	**Current**	**Maximum**
Management fee (% of Net Asset Value of the relevant Class per annum)	1.5%	2.5%	1.0%	1.5%
Performance fee	Nil	Nil	Nil	Nil
Custodian and Administration fee (% of Net Asset Value of the Sub-Fund per annum) On the first HKD800 million of the Net Asset Value of the Sub-Fund / On any portion of the Sub-Fund's Net Asset Value in excess of HKD800 million (subject to a minimum monthly fee of HKD 13,500 (or equivalent) from the 7th month to the 12th month from the launch of the Sub-Fund, and a minimum monthly fee of HKD 27,000 (or equivalent) after 12 months from the launch of the Sub-Fund.	0.06% 0.05%	0.06% 0.05%	0.06% 0.05%	0.06% 0.05%

Establishment costs The establishment costs of the Sub-Fund are approximately HKD 230,000 and will be borne by the Sub-Fund. The establishment costs will be amortised over the Amortisation Period on a straight-line basis.

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 2025 and the first Semi-Annual Accounting Date of the Sub-Fund would be 30 June 2025.

APPENDIX 4 – CLSA RMB TOTAL RETURN BOND FUND[6]

*This Appendix (which forms part of, and should be read together with the rest of, the Prospectus) relates to the CLSA RMB Total Return Bond Fund ("**Sub-Fund**"), a sub-fund of the Company.*

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 Prospectus.

"**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**"	RMB
"**Class**"	Class A, Class I and Class M
"**Class Currency**"	Class A USD, Class I USD, Class M USD: USD Class A HKD, Class I HKD, Class M HKD: HKD Class A RMB, Class I RMB, Class M RMB: RMB
"**Dealing Day**"	each Business Day
"**Dealing Deadline**"	4:00 p.m. (Hong Kong time) on the relevant Dealing Day by which an application for subscription or a redemption or conversion request in respect of the Sub-Fund or a Class of Shares must be received or such other time or on such other Business Day or day as the Directors may from time to time determine generally or in relation to any particular jurisdiction in which Shares of the Sub-Fund or the relevant Class may from time to time be sold
"**Initial Offer Period**"	the period commencing 9.00 a.m. (Hong Kong time) on 28 October 2026 to 4.00 p.m. (Hong Kong time) on 30 October 2026 (or such other dates as the Manager may determine)
"**Payment Period**"	no later than 4:00 p.m. (Hong Kong time) on the relevant Dealing Day on which a subscription is made and the relevant Shares are issued
"**Sub-Fund**"	CLSA RMB Total Return Bond Fund
"**Valuation Day**"	each Business Day on which the Net Asset Value of the Sub-Fund and/or the Net Asset Value of a Share or a Class of Share of the Sub-Fund falls to be calculated and in relation to each Dealing Day of any Class or Classes of Shares means either such Dealing Day or such other Business Day or

[6] "CLSA" is the trading name used by various indirect subsidiaries of CITIC Securities Company Limited outside of mainland China.

day as the Directors may from time to time determine, either generally or in relation to a particular Class of Shares

INVESTMENT CONSIDERATIONS

Investment objective

The Sub-Fund seeks to maximise total return by investing primarily in debt securities globally and maintaining the primary currency exposure of the portfolio in RMB.

Investment policies

The Sub-Fund will invest at least 70% of its Net Asset Value in fixed or floating rate debt securities issued by government, quasi-governmental bodies or corporate entities globally. The non-RMB currencies exposure from non-RMB denominated debt securities will be hedged back into RMB such that the Sub-Fund's exposure to RMB will be at least 70% of its Net Asset Value at all times.

For offshore debt securities issued outside Mainland China, the Sub-Fund may invest less than 30% of its Net Asset Value in such securities which are rated below investment grade by an internationally recognised credit rating agency (i.e. below BBB- by Standard & Poor's, below BBB- by Fitch or below Baa3 by Moody's) or unrated (i.e. debt securities themselves nor their issuers or guarantors have a credit rating). For onshore debt securities issued within Mainland China, the Sub-Fund may not invest in such securities which are rated below AAA by a Mainland China credit rating agency, including but not limited to, Golden Credit Ratings, CCXI, United Rating, Dagong Global Credit Rating, Shanghai Brilliance Credit Rating & Investors Service or unrated. The Sub-Fund will not invest more than 10% of its Net Asset Value in securities issued by or guaranteed by any single country or region that is below investment grade (including its government and a public or local authority of that country or region).

While the credit rating criteria above will be observed at all times, the selection of debt securities for investment is not exclusively based on credit ratings, the Manager will also conduct its own assessment on the credit quality based on quantitative and qualitative fundamentals, including without limitation, the issuer's leverage, operating margin, return on capital, interest coverage, operating cash flows, industry standing, business and financial prospect and corporate governance issue.

While the Sub-Fund has no particular geographical focus, the Sub-Fund may invest in debt securities concentrated in any one country or region from time to time.

The Sub-Fund may invest less than 30% of its Net Asset Value in RMB denominated and settled debt securities issued onshore in Mainland China directly through all available means, including but not limited to, the QFI regime, Bond Connect, the CIBM under Foreign Access Regime, or such other means as permitted by the relevant regulatory authorities from time to time.

The Sub-Fund may invest less than 30% of its Net Asset Value in each of the following: (i) urban investment bonds (城投債), which are debt instruments issued by Mainland Chinese local government financing

	vehicles ("**LGFVs**"). These LGFVs are separate legal entities established by local governments and / or their affiliates to raise financing for public welfare investment or infrastructure projects; (ii) collateralised and/or securitised products such as asset backed securities, mortgage backed securities and asset backed commercial papers); and (iii) convertible bonds. The Sub-Fund may invest less than 30% of its Net Asset Value in debt instruments with loss-absorption features which may include instruments classified as Additional Tier 1 / Tier 2 capital instruments that meet the qualifying criteria under the Banking (Capital) Rules or an equivalent regime of non-Hong Kong jurisdictions, Contingent Convertible Securities ("**CoCos**"), non-preferred senior bonds which may also be known as Tier 3 bonds and other instruments eligible to count as loss-absorbing capacity under the resolution regime for financial institution. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s) (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). The Sub-Fund may invest less than 30% of its Net Asset Value in other collective investment schemes. Such collective investment schemes may be managed by third parties or the Manager or its connected parties. The Sub-Fund may normally hold less than 30% of its Net Asset Value in cash and cash equivalents, which may include cash, deposits, money market instruments and money market funds (which may be managed by the Manager or its connected person(s) or other external asset manager(s)) for liquidity and cash management purposes. Under exceptional circumstances (e.g. market crash or major crisis), the Sub-Fund may invest temporarily up to 70% of Net Asset Value in such liquid assets for cash flow management.
Investment and borrowing restrictions	The Sub-Fund is subject to the investment and borrowing restrictions as set out in Schedule 1 to the Prospectus.
Use of derivatives	The Sub-Fund may use derivatives, such as currency forward contracts and financial futures, for hedging and/or investment purposes. The Sub-Fund's net derivative exposure may be up to 50% of the Sub-Fund's Net Asset Value.
Securities Financing Transactions	The maximum and expected aggregate exposure level of the Sub-Fund's engagement in Sale and Repurchase Transactions and/or Reverse Repurchase Transactions traded over-the-counter will be up to 50% of its Net Asset Value in aggregate. The Sub-Fund may not engage in Securities Lending Transactions.

SPECIFIC RISK FACTORS

Investors should review and consider all risks mentioned in the "***Risk Factors***" section in the Prospectus.

Amongst those risk factors, the following risk factors are of particular relevance to the Sub-Fund:

- Risk of not achieving investment objective
- General investment risk
- Market risk
- Volatility risk
- Risks relating to debt securities
- Sovereign debt risks
- Credit rating agency risk
- Risks of investing in convertible bonds
- Risks associated with debt instruments with loss-absorption features
- Risks of investing in urban investment bonds
- "Dim Sum" bonds market risks
- Risks of investing in other funds
- Borrowing risks
- Emerging markets risks
- China market risks
- Renminbi currency and conversion risks
- Renminbi Share Class risk
- Risks relating to Foreign Access Regime
- Risks relating to Bond Connect
- Risks associated with investments made through QFI regime
- Mainland China tax risk
- Concentration risk
- Settlement risk
- Custodial risk
- Counterparty risk
- Currency and foreign exchange risk
- Derivative and structured product risk
- Over-the-counter markets risk
- Hedging risk
- Liquidity risk
- Difficulties in valuation of investments
- Restricted markets risk
- Legal, tax and regulatory risk
- Risks associated with Securities Financing Transactions
- Risks associated with collateral management and re-investment of cash collateral
- Distributions out of/effectively out of capital risk

INVESTING IN THE SUB-FUND AND REDEMPTION OF SHARES

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

Classes	Class Currency
Class A USD (Accumulation)	USD
Class A USD (Distribution)	USD
Class A HKD (Accumulation)	HKD

Class A HKD (Distribution)	HKD
Class A RMB (Accumulation)	RMB
Class A RMB (Distribution)	RMB
Class I USD (Accumulation)	USD
Class I USD (Distribution)	USD
Class I HKD (Accumulation)	HKD
Class I HKD (Distribution)	HKD
Class I RMB (Accumulation)	RMB
Class I RMB (Distribution)	RMB
Class M USD (Accumulation)^	USD
Class M USD (Distribution)^	USD
Class M HKD (Accumulation)^	HKD
Class M HKD (Distribution)^	HKD
Class M RMB (Accumulation)^	RMB
Class M RMB (Distribution)^	RMB

^Shares of Classes M are only available for public or private funds, managed accounts, as well as, notes or products, that are managed by the Manager.

Initial Offer Price

The Initial Offer Prices of the Classes of Shares are as follows:

Classes	Initial Offer Price
Class A USD (Accumulation)	USD 100 per Share
Class A USD (Distribution)	USD 100 per Share
Class A HKD (Accumulation)	HKD 100 per Share
Class A HKD (Distribution)	HKD 100 per Share
Class A RMB (Accumulation)	RMB 100 per Share
Class A RMB (Distribution)	RMB 100 per Share
Class I USD (Accumulation)	USD 100 per Share
Class I USD (Distribution)	USD 100 per Share
Class I HKD (Accumulation)	HKD 100 per Share
Class I HKD (Distribution)	HKD 100 per Share
Class I RMB (Accumulation)	RMB 100 per Share
Class I RMB (Distribution)	RMB 100 per Share
Class M USD (Accumulation)	USD 100 per Share
Class M USD (Distribution)	USD 100 per Share
Class M HKD (Accumulation)	HKD 100 per Share
Class M HKD (Distribution)	HKD 100 per Share
Class M RMB (Accumulation)	RMB 100 per Share
Class M RMB (Distribution)	RMB 100 per Share

Minimum Initial Subscription Amount

The Minimum Initial Subscription Amounts of the Classes of Shares are as follows:

Classes	Minimum Initial Subscription Amounts
Class A USD (Accumulation)	USD1,000
Class A USD (Distribution)	USD1,000
Class A HKD (Accumulation)	HKD10,000
Class A HKD (Distribution)	HKD10,000
Class A RMB (Accumulation)	RMB10,000

Class A RMB (Distribution)	RMB10,000
Class I USD (Accumulation)	USD200,000
Class I USD (Distribution)	USD200,000
Class I HKD (Accumulation)	HKD1,000,000
Class I HKD (Distribution)	HKD1,000,000
Class I RMB (Accumulation)	RMB1,000,000
Class I RMB (Distribution)	RMB1,000,000
Class M USD (Accumulation)	USD200,000
Class M USD (Distribution)	USD200,000
Class M HKD (Accumulation)	HKD1,000,000
Class M HKD (Distribution)	HKD1,000,000
Class M RMB (Accumulation)	RMB1,000,000
Class M RMB (Distribution)	RMB1,000,000

Minimum Subsequent Subscription Amount

The Minimum Subsequent Subscription Amounts of the Classes of Shares are as follows:

Classes	Minimum Subsequent Subscription Amounts
Class A USD (Accumulation)	USD1,000
Class A USD (Distribution)	USD1,000
Class A HKD (Accumulation)	HKD10,000
Class A HKD (Distribution)	HKD10,000
Class A RMB (Accumulation)	RMB10,000
Class A RMB (Distribution)	RMB10,000
Class I USD (Accumulation)	USD100,000
Class I USD (Distribution)	USD100,000
Class I HKD (Accumulation)	HKD500,000
Class I HKD (Distribution)	HKD500,000
Class I RMB (Accumulation)	RMB500,000
Class I RMB (Distribution)	RMB500,000
Class M USD (Accumulation)	USD100,000
Class M USD (Distribution)	USD100,000
Class M HKD (Accumulation)	HKD500,000
Class M HKD (Distribution)	HKD500,000
Class M RMB (Accumulation)	RMB500,000
Class M RMB (Distribution)	RMB500,000

Minimum Redemption Amount

The Minimum Redemption Amounts of the Classes of Shares are as follows:

Classes	Minimum Redemption Amounts
Class A USD (Accumulation)	USD1,000
Class A USD (Distribution)	USD1,000
Class A HKD (Accumulation)	HKD10,000
Class A HKD (Distribution)	HKD10,000
Class A RMB (Accumulation)	RMB10,000
Class A RMB (Distribution)	RMB10,000
Class I USD (Accumulation)	Nil
Class I USD (Distribution)	Nil
Class I HKD (Accumulation)	Nil

Class I HKD (Distribution)	Nil
Class I RMB (Accumulation)	Nil
Class I RMB (Distribution)	Nil
Class M USD (Accumulation)	Nil
Class M USD (Distribution)	Nil
Class M HKD (Accumulation)	Nil
Class M HKD (Distribution)	Nil
Class M RMB (Accumulation)	Nil
Class M RMB (Distribution)	Nil

Minimum Holding Amount

The Minimum Holding Amounts of the Classes of Shares are as follows:

Classes	Minimum Holding Amounts
Class A USD (Accumulation)	USD1,000
Class A USD (Distribution)	USD1,000
Class A HKD (Accumulation)	HKD10,000
Class A HKD (Distribution)	HKD10,000
Class A RMB (Accumulation)	RMB10,000
Class A RMB (Distribution)	RMB10,000
Class I USD (Accumulation)	USD200,000
Class I USD (Distribution)	USD200,000
Class I HKD (Accumulation)	HKD1,000,000
Class I HKD (Distribution)	HKD1,000,000
Class I RMB (Accumulation)	RMB1,000,000
Class I RMB (Distribution)	RMB1,000,000
Class M USD (Accumulation)	USD200,000
Class M USD (Distribution)	USD200,000
Class M HKD (Accumulation)	HKD1,000,000
Class M HKD (Distribution)	HKD1,000,000
Class M RMB (Accumulation)	RMB1,000,000
Class M RMB (Distribution)	RMB1,000,000

CONVERSION

Shareholders shall be entitled to convert all or part of their Shares of a Class of the Sub-Fund into Shares of another Class (except for Class M) in the Sub-Fund or into Shares of another sub-fund of the Company available for subscription or conversion. Where converting to another sub-fund of the Company, Shares of a Class can only be converted into Shares of the same Class of that other sub-fund.

DISTRIBUTION POLICY

Distribution Class(es)

Class A USD (Distribution), Class A HKD (Distribution), Class A RMB (Distribution), Class I USD (Distribution), Class I HKD (Distribution), Class I RMB (Distribution), Class M USD (Distribution), Class M HKD (Distribution) and Class M RMB (Distribution) are Distribution Classes.

For the Distribution Classes, distribution, if any, may be made monthly. The Directors have discretion as to whether or not to make any distribution of dividends and amount of dividends. However, there is no guarantee of regular distribution nor, where distribution is made, the amount being distributed. Dividends may be paid out of capital or effectively out of capital of the relevant share class and may result in an immediate reduction of the Net Asset Value per share of the Sub-Fund.

All distributions declared on the Sub-Fund may be paid in cash or may be applied to subscribe for additional Shares in the relevant Distribution Classes at the option of the Shareholder as indicated in the Application Form. Distributions will be applied to subscribe for additional Shares in the relevant Class of the Sub-Fund by default if Shareholders do not specify the means of distributions in the Application Form. If Shareholders elect to be paid in cash, the relevant proceeds will be paid to the Shareholders accordingly within one month of declaration.

The cash distribution (if any) will be paid to Shareholders at their own risk and expense by telegraphic transfer in Class Currency normally within one calendar month after the declaration of such distribution by the Manager.

Accumulation Class(es)

Class A USD (Accumulation), Class A HKD (Accumulation), Class A RMB (Accumulation), Class I USD (Accumulation), Class I HKD (Accumulation), Class I RMB (Accumulation), Class M USD (Accumulation), Class M HKD (Accumulation) and Class M RMB (Accumulation) are Accumulation Classes.

For the Accumulation Classes, no distribution will be made to Shareholders.

Please refer to the section headed "***Distribution policy***" and the risk factor headed "***Distributions out of/effectively out of capital risk***" in the main part of the Prospectus for further details.

FEES AND EXPENSES

Fees payable by investors:

Class	Class A		Class I		Class M	
	Current	**Maximum**	**Current**	**Maximum**	**Current**	**Maximum**
Preliminary Charge (% of subscription amount)	Up to 5%	5%	Up to 5%	5%	Nil	Nil
Redemption Charge (% of redemption amount) The Redemption Charge will be retained by or paid to the Manager for its own absolute use and benefit.	Nil	5%	Nil	3%	Nil	Nil
Conversion Charge	Up to 1%	1%	Up to 1%	1%	Nil	Nil

(% of the redemption price for each Share switched out)						

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

Class	Class A		Class I		Class M	
	Current	**Maximum**	**Current**	**Maximum**	**Current**	**Maximum**
Management fee (% of Net Asset Value of the relevant Class per annum)	0.6%	2.0%	0.3%	1.5%	Nil	Nil
Performance fee	Nil	Nil	Nil	Nil	Nil	Nil
Custodian and Administration fee (% of Net Asset Value of the Sub-Fund per annum) On the first RMB 700 million of the Net Asset Value of the Sub-Fund / On any portion of the Sub-Fund's Net Asset Value in excess of RMB 700 million (subject to a minimum monthly fee of RMB 24,500 (or equivalent))	0.06% 0.05%	0.06% 0.05%	0.06% 0.05%	0.06% 0.05%	0.06% 0.05%	0.06% 0.05%

Establishment costs The establishment costs of the Sub-Fund are approximately RMB100,000 and will be borne by the Sub-Fund. The establishment costs will be amortised over the Amortisation Period on a straight-line basis.

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 2027 and the first Semi-Annual Accounting Date of the Sub-Fund would be 30 June 2027.