

**IMPORTANT:** If you are in any doubt about the contents of this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser for independent professional financial advice.

Investors should note that this Prospectus relates to a Sub-Fund which offers both exchange-traded class of Units and unlisted (not exchange-traded) class(es) of Units.

## ***ChinaAMC Global ETF Series***

# **ChinaAMC RMB Money Market ETF**

*(A sub-fund of ChinaAMC Global ETF Series, a Hong Kong umbrella unit trust, authorised under Section 104 of the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong)*

**Stock Code: 3161 (HKD counter) 83161 (RMB counter)**

# **PROSPECTUS**

***Manager***

**China Asset Management (Hong Kong) Limited**  
華夏基金(香港)有限公司

***Listing Agent***

**Altus Capital Limited**

**November 2025**

The Stock Exchange of Hong Kong Limited, Hong Kong Exchanges and Clearing Limited, Hong Kong Securities Clearing Company Limited and the Hong Kong Securities and Futures Commission (the "SFC") take no responsibility for the contents of this Prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus. The ChinaAMC Global ETF Series and the ChinaAMC RMB Money Market ETF have been authorised as collective investment schemes by the SFC. Authorisation by the SFC is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or Class of investors.

## IMPORTANT INFORMATION

This Prospectus relates to the offer in Hong Kong of units (the “Units”) in the ChinaAMC RMB Money Market ETF (the “Sub-Fund”), a sub-fund of ChinaAMC Global ETF Series (the “Trust”), an umbrella unit trust established under Hong Kong law by a trust deed dated 17 September 2015, as amended and restated from time to time (the “Trust Deed”), between China Asset Management (Hong Kong) Limited 華夏基金(香港)有限公司 (the “Manager”) and HSBC Institutional Trust Services (Asia) Limited (the “Trustee”). The Sub-Fund is a physical exchange traded fund investing directly in underlying shares.

The Trust may establish sub-funds in respect of which a separate class or classes of Units will be issued. The Sub-Fund issues both exchange-traded classes of Units (“Listed Class of Units”) and/or unlisted (not exchange-traded) classes of Units (“Unlisted Class(es) of Units”).

The information contained in this Prospectus has been prepared to assist potential investors in making an informed decision in relation to investing in the Sub-Fund. It contains important facts about the Sub-Fund whose Units are offered in accordance with this Prospectus. As the Sub-Fund issues both Listed Class of Units and Unlisted Class(es) of Units, a separate set of product key facts statement which contains the key features and risks of the Sub-Fund for each class is also issued by the Manager and such product key facts statement shall form part of this Prospectus, and shall be read, in conjunction with, this Prospectus.

The Manager accepts full responsibility for the accuracy of the information contained in this Prospectus and the Product Key Facts Statements and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement misleading. The Manager also confirms that this Prospectus includes particulars given in compliance with (in respect of the Listed Class of Units only) the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and the Code on Unit Trusts and Mutual Funds (the “Code”) and the “Overarching Principles” of the SFC Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Structured Investment Products for the purposes of giving information with regard to the Units of the Sub-Fund. The Trustee is not responsible for the preparation of this Prospectus and shall not be held liable to any person for any information disclosed in this Prospectus, except for the information regarding the Trustee itself under the sub-section headed “The Trustee and Registrar” in the section headed “Management of the Trust”.

The Sub-Fund is a fund falling within Chapter 8.2 and 8.10 of the Code. The Trust and the Sub-Fund are authorised by the SFC in Hong Kong under Section 104 of the Securities and Futures Ordinance. The SFC takes no responsibility for the financial soundness of the Trust, the Sub-Fund or for the correctness of any statements made or opinions expressed in this Prospectus. SFC authorisation is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

You should consult your financial adviser, consult your tax advisers and take legal advice as appropriate as to whether any governmental or other consents are required, or other formalities need to be observed, to enable you to acquire Units as to whether any taxation effects, foreign exchange restrictions or exchange control requirements are applicable and to determine whether any investment in the Sub-Fund is appropriate for you.

Dealings in the Listed Class of Units have commenced on The Stock Exchange of Hong Kong Limited (the “SEHK”). The Listed Class of Units have been accepted as eligible securities by Hong Kong Securities Clearing Company Limited (“HKSCC”) for deposit, clearing and settlement in the Central Clearing and Settlement System (“CCASS”). Settlement of transactions between participants on the SEHK is required to take place in CCASS on the second CCASS settlement day after the trading day. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

No action has been taken to permit an offering of Units or the distribution of this Prospectus in any jurisdiction other than Hong Kong and, accordingly, this Prospectus does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer is not authorised or to any person to whom it is unlawful to make such offer or solicitation. Furthermore, distribution of this Prospectus (including the Product Key Facts Statements) shall not be permitted unless it is accompanied by a copy of the latest annual financial report of the Sub-Fund (where existing) and, if later, its most recent interim report.

Neither the Trust nor the Sub-Fund is registered as an investment company with the United States Securities and Exchange Commission. Units have not been, and will not be, registered under the United States Securities Act of 1933 or any other United States Federal or State law and accordingly Units are not offered to, and may not be transferred to or acquired by, US persons (including without limitation US citizens and residents as well as business entities organised under United States' law).

You should note that any amendment or addendum to this Prospectus will only be posted on the Manager's website ([www.chinaamc.com.hk](http://www.chinaamc.com.hk)). This Prospectus (including the Product Key Facts Statements) may refer to information and materials included in websites. Such information and materials do not form part of this Prospectus and they have not been reviewed by the SFC or any regulatory body. Investors should note that the information provided in websites may be updated and changed periodically without any notice to any person.

### **Questions and Complaints**

Investors may raise any questions on or make any complaints about the Trust (including the Sub-Fund) by contacting the Manager at its address as set out in the Directory of this Prospectus, or by phone at its telephone number: (852) 3406 8686.

## DIRECTORY

### *Manager*

#### **China Asset Management (Hong Kong) Limited**

華夏基金(香港)有限公司

37/F, Bank of China Tower

1 Garden Road

Central, Hong Kong

### *Trustee and Registrar*

#### **HSBC Institutional Trust Services (Asia) Limited**

1 Queen's Road Central

Hong Kong

### *Service Agent*

#### **HK Conversion Agency Services Limited**

1/F One & Two Exchange Square

8 Connaught Place

Central

Hong Kong

### *Legal Adviser to the Manager*

#### **Simmons & Simmons**

30/F, One Taikoo Place

979 King's Road

Hong Kong

### *Auditor*

#### **Ernst & Young**

22/F, CITIC Tower

1 Tim Mei Avenue

Hong Kong

### *Listing Agent<sup>#</sup>*

#### **Altus Capital Limited**

21 Wing Wo Street

Central

Hong Kong

### *Participating Dealers<sup>\*#</sup>*

### *Market Maker<sup>\*#</sup>*

*\* Please refer to the Manager's website for the latest list of Participating Dealers. Please refer to the Hong Kong Exchanges and Clearing Limited's website at [www.hkex.com.hk](http://www.hkex.com.hk) for the latest list of Market Makers.*

*# Applicable in respect of Listed Class of Units only.*

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## DEFINITIONS

*In this Prospectus, unless the context requires otherwise, the following expressions have the meanings set out below. Other capitalised terms used, but not defined, have the meaning given to those terms in the Trust Deed.*

“AFRC” means the Accounting and Financial Reporting Council or its successors.

“After Listing” means, in respect of the Listed Class of Units, the period which commences on the Listing Date and continues until the relevant Listed Class of Units is terminated.

“Application” means, in respect of the Listed Class of Units, a Creation Application or a Redemption Application, as the context may require.

“Application Unit Size” means, in respect of the Listed Class of Units, such number of Units or whole multiples thereof as specified in this Prospectus or such other number of Units from time to time determined by the Manager, approved by the Trustee and notified to the Participating Dealers.

“Business Day” means, unless the Manager and the Trustee otherwise agree, a day on which (a)(i) the SEHK is open for normal trading; and (ii) the relevant securities market on which Securities and/or Futures Contracts are traded is open for normal trading; or (iii) if there are more than one such securities and/or futures contracts markets, the securities and/or futures contracts market designated by the Manager is open for normal trading, or such other day or days as the Manager and the Trustee may agree from time to time provided that if on any such day, the period during which the relevant securities market is open for normal trading is reduced as a result of a Number 8 Typhoon Signal, Black Rainstorm warning or other similar event, such day shall not be a Business Day unless the Manager and the Trustee otherwise agree.

“Cancellation Compensation” means, in respect of the Listed Class of Units, an amount payable by a Participating Dealer in respect of a default, as set out in the Trust Deed and in the Operating Guidelines applicable at the time the relevant Creation Application or Redemption Application is made.

“CCASS” means the Central Clearing and Settlement System established and operated by HKSCC or any successor system operated by HKSCC or its successors.

“Class” means any one of the classes of Units which may be issued in respect of the Sub-Fund.

“Class Currency” means, in relation to a class of Units, the base currency of the Sub-Fund relating thereto or such other currency of account as the Manager may specify for such class of Units in accordance with the Trust Deed.

“Code” means the Code on Unit Trusts and Mutual Funds issued by the SFC (as amended or replaced from time to time).

“Connected Person” has the meaning as set out in the Code which at the date of this Prospectus means in relation to a company:-

- (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).

“Creation Application” means, in respect of the Listed Class of Units, an application by a Participating Dealer for the creation and issue of Units in an Application Unit Size in accordance with the Operating Guidelines and terms of the Trust Deed.

“CSDCC” means the China Securities Depository and Clearing Co., Ltd.

“CSRC” means China Securities Regulatory Commission.

“Dealing Day” means each Business Day during the continuance of the Sub-Fund, and/or such other day or days as the Manager may from time to time determine with the written approval of the Trustee.

“Dealing Deadline” means, in relation to the Listed Class of Units and any Dealing Day, such time or times as the Manager may from time to time with the written approval of the Trustee determine for submission of Application(s) by a Participating Dealer as described in this Prospectus.

“Dual-Counter” means, in respect of the Listed Class of Units, the facility by which the Units of the Sub-Fund traded in two currencies (HKD and RMB) are each assigned separate stock codes on the SEHK.

“Duties and Charges” means, in relation to any particular transaction or dealing, all stamp and other duties, taxes, government charges, brokerage fees, bank charges, transfer fees, registration fees, transaction levies and other duties and charges whether in connection with the constitution of the Deposited Property (as defined in the Trust Deed) or the increase or decrease of the Deposited Property or the creation, issue, transfer, cancellation or redemption of Units or the acquisition or disposal of Securities and/or Futures Contracts (as the case may be) or otherwise which may have become or may be payable in respect of, and whether prior to, upon or after the occasion of, such transaction or dealing and including but not limited to, in relation to an issue of Units or redemption of Units, a charge (if any) of such amount or at such rate as is determined by the Manager or the Trustee to be made for the purpose of compensating or reimbursing the Trust for the difference between (a) the prices used when valuing the Securities and/or Futures Contracts (as the case may be) in the Trust Fund for the purpose of such issue or redemption of Units and (b) (in the case of an issue of Units) the prices which would be used when acquiring the same Securities and/or Futures Contracts (as the case may be) if they were acquired by the Trust with the amount of cash received by the Trust upon such issue of Units and (in the case of a redemption of Units) the prices which would be used when selling the same Securities and/or Futures Contracts (as the case may be) if they were sold by the Trust in order to realise the amount of cash required to be paid out of the Trust Fund upon such redemption of Units. For the avoidance of doubt, when calculating subscription and redemption prices, duties and charges may include (if applicable) any provision for bid and ask spreads (to take into account the difference between the price at which assets were valued for the purpose of calculating the Net Asset Value and the estimated price at which such assets shall be bought as a result of a subscription or sold as a result of a redemption), but may not include (if applicable) any commission payable to agents on sales and purchases of the Units or any commission, taxes, charges or costs which may have been taken into account in ascertaining the Net Asset Value of Units).

“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 recognised accounting standards.

“Extension Fee” means, in respect of the Listed Class of Units, any fee payable by a Participating Dealer to the Trustee for its account and benefit on each occasion the Manager grants the request of such Participating Dealer for extended settlement in respect of a Creation or Redemption Application, as set out in the Operating Guidelines and this Prospectus.

“FDIs” means financial derivative instruments.

“Futures Contract” means any futures contract which is traded on any Futures Exchange.

“Futures Exchange” means the Hong Kong Futures Exchange Limited or such other futures exchange from time to time determined by the Manager.

“Government and other Public Securities” has the meaning as set out in the Code which at the date of this Prospectus 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.

“HKD” means Hong Kong dollars, the lawful currency for the time being and from time to time of Hong Kong.

“HKEX” means Hong Kong Exchanges and Clearing Limited or its successors.

“HKSCC” means the Hong Kong Securities Clearing Company Limited or its successors.

“Hong Kong” means the Hong Kong Special Administrative Region of the People’s Republic of China.

“IFRS” means International Financial Reporting Standards.

“Initial Issue Date” means the date of the first issue of Units (or Class), which shall be the Business Day immediately before the Listing Date or such other date as may be agreed between the Manager and the Trustee.

“Initial Offer Period” means, in respect of any Class of Units, the period from 9:00 a.m. (Hong Kong time) on 7 July 2023 until 4:00 p.m. (Hong Kong time) on 10 July 2023 or such other times and dates as stated in the timetable under the sections headed “Dealing of Listed Class of Units” and “Dealing of Unlisted Class(es) of Units” respectively of this Prospectus.

“IRD” means the Inland Revenue Department of Hong Kong.

“IRS” means the US Internal Revenue Service.

“Issue Price” means, in respect of the Listed Class of Units, the price at which Units in that Class may be issued, determined in accordance with the Trust Deed.

“Listed Class of Units” means a class of Units of a Sub-Fund which is listed on either the SEHK or any other Recognised Stock Exchange.

“Listing Date” means the date on which date the Listed Class of Units are first listed and from which dealings therein are permitted to take place on SEHK, which was 12 July 2023.

“Mainland China” means The People’s Republic of China which, for the purpose of this Prospectus only, excludes Hong Kong and the Macau Special Administrative Region.

“Market” means in any part of the world:

- (a) in relation to any Security: the SEHK or such other stock exchange from time to time determined by the Manager; and
- (b) in relation to any Futures Contract: any Futures Exchange,

and any over-the-counter transaction conducted in any part of the world and in relation to any Security or Futures Contract shall be deemed to include any bilateral agreement with a responsible



firm, corporation or association in any country in any part of the world dealing in the Security or Futures Contract which the Manager may from time to time elect with the approval of the Trustee.

“Market Maker” means a broker or dealer permitted by the SEHK to act as such by making a market for the Listed Class of Units in the secondary market on the SEHK.

“Net Asset Value” means the net asset value of the Sub-Fund or, as the context may require, the net asset value of a Unit calculated pursuant to the Trust Deed.

“Operating Guidelines” means, in respect of the Listed Class of Units, the guidelines for the creation and redemption of Units as set out in the schedule to the Participation Agreement as amended from time to time by the Manager with the approval of the Trustee and following consultation, to the extent reasonably practicable, with the Participating Dealers, including without limitation, the procedures for creation and redemption of Units subject always, in respect of the relevant Operating Guidelines for a Participating Dealer, any amendment being notified in writing by the Manager in advance to the Participating Dealer. Unless otherwise specified, references to the Operating Guidelines shall be to the Operating Guidelines for the relevant class applicable at the time of the relevant Application.

“Participant” means a person admitted for the time being by HKSCC as a participant of CCASS.

“Participating Dealer” means a broker or dealer who is (or who has appointed an agent or delegate who is) a Participant and who has entered into a Participation Agreement in form and substance acceptable to the Manager and Trustee, and any reference in this Prospectus to “Participating Dealer” shall include a reference to any agent or delegate so appointed by the Participating Dealer.

“Participation Agreement” means an agreement entered into between, among others, the Trustee, the Manager, a Participating Dealer and (where applicable) a PD Agent, setting out (amongst other things) the arrangements in respect of the Applications of the Listed Class of Units as may be amended from time to time. References to the Participation Agreement shall, where appropriate, mean the Participation Agreement, read together with the Operating Guidelines.

“PBOC” means the People’s Bank of China.

“PD Agent” means a person who is admitted by HKSCC as either a Direct Clearing Participant or a General Clearing Participant (each as defined in the General Rules of HKSCC) in CCASS and who has been appointed by a Participating Dealer as its agent for the creation and redemption of the Listed Class of Units.

“PRC” means The People’s Republic of China.

“QFI” means a qualified foreign investor approved pursuant to the relevant Mainland China laws and regulations, as may be promulgated and/or amended from time to time, including both qualified foreign institutional investor (QFII)(i.e. QFI to make investment in Mainland China domestic securities and futures market by remitting foreign currencies) and/or RMB qualified foreign institutional investors (RQFII)(i.e. QFI to make investment in Mainland China domestic securities and futures market by remitting offshore RMB), as the case may be, or, as the context may require, the QFII/RQFII regime.

“Recognised Futures Exchange” means an international futures exchange which is approved by the Manager.

“Recognised Stock Exchange” means an international stock exchange which is approved by the Manager.

“Redemption Application” means, in respect of the Listed Class of Units, an application by a Participating Dealer for the redemption of Units in Application Unit Size in accordance with the Operating Guidelines and terms of the Trust Deed.

“Redemption Deadline” means, in respect of the Unlisted Class(es) of Units, such time on the relevant Dealing Day or an earlier Business Day as the Manager may from time to time determine in relation to the redemption of Units.

“Redemption Price” means, in respect of an Unlisted Class of Units, the price per Unit at which such Unit is redeemed, calculated in accordance with the Trust Deed.

“Redemption Value” means, in respect of the Listed Class of Units, the price per Unit at which such Unit is redeemed, calculated in accordance with the Trust Deed.

“Registrar” means HSBC Institutional Trust Services (Asia) Limited or such other person or persons for the time being duly appointed registrar of the Sub-Fund in succession thereto under the provisions of the Trust Deed.

“Reverse Repurchase Transactions” means transactions whereby the Sub-Fund purchases Securities from a counterparty of Sale and Repurchase Transactions and agrees to sell such Securities back at an agreed price in the future.

“RMB” or “Renminbi” means Renminbi Yuan, the lawful currency of the PRC.

“SAFE” means the State Administration of Foreign Exchange of the PRC.

“Sale and Repurchase Transactions” means transactions whereby the Sub-Fund sells its Securities to a counterparty of Reverse Repurchase Transactions and agrees to buy such Securities back at an agreed price with a financing cost in the future.

“Securities Lending Transactions” means transactions whereby the Sub-Fund lends its Securities to a security-borrowing counterparty for an agreed fee.

“Security” means any share, stock, debenture, loan stock, bond, security, commercial paper, acceptance, trade bill, warrant, participation note, certificate, structured product, treasury bill, instrument or note of, or issued by or under the guarantee of, any body, whether incorporated or unincorporated, and whether listed or unlisted, or of any government or local government authority or supranational body, whether paying interest or dividends or not and whether fully-paid, partly paid or nil paid and includes (without prejudice to the generality of the foregoing):

- (a) any right, option or interest (howsoever described) in or in respect of any of the foregoing, including units in any unit trust;
- (b) any certificate of interest or participation in, or temporary or interim certificate for, receipt for or warrant to subscribe or purchase, any of the foregoing;
- (c) any instrument commonly known or recognised as a security;
- (d) any receipt or other certificate or document evidencing the deposit of a sum of money, or any rights or interests arising under any such receipt, certificate or document; and
- (e) any bill of exchange and any promissory note.

“SEHK” means The Stock Exchange of Hong Kong Limited or its successors.

“Service Agent” means HK Conversion Agency Services Limited or such other person as may from time to time be appointed to act as service agent in relation to the Sub-Fund.

“Service Agreement” means the agreement by which the Service Agent agrees with the Manager to provide its services in respect of the Listed Class of Units, entered amongst the Manager, the Service Agent and Hong Kong Securities Clearing Company Limited.

“Settlement Day” means, in respect of the Listed Class of Units, the Business Day which is two Business Days immediately after the relevant Dealing Day (or such other Business Day as is permitted in relation to such Dealing Day (including the Dealing Day itself) pursuant to the Operating Guidelines) or such other number of Business Days after the relevant Dealing Day as determined by the Manager in consultation with the Trustee from time to time and notified to the relevant Participating Dealers.

“SFC” means the Securities and Futures Commission of Hong Kong or its successors.

“SFO” means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

“STA” means the State Taxation Administration of the PRC.

“Sub-Fund” means ChinaAMC RMB Money Market ETF, a sub-fund of the Trust.

“Subscription Deadline” means, in respect of the Unlisted Class(es) of Units, such time on the relevant Dealing Day or an earlier Business Day as the Manager may from time to time determine in relation to the issue of Units.

“Subscription Price” means, in respect of the Unlisted Class(es) of Units, the price at which Units may be subscribed for, determined in accordance with the Trust Deed.

“Substantial Financial Institution” has the meaning as set out in the Code.

“Transaction Fee” means, in respect of the Listed Class of Units, the fee which may be charged for the benefit of the Trustee, the Registrar and/or the Service Agent to each Participating Dealer on each Dealing Day upon which an Application has been or Applications have been made by the relevant Participating Dealer, the maximum level of which shall be determined by the Trustee with the consent of the Manager and/or the Service Agent from time to time and set out in this Prospectus.

“Trust” means the umbrella unit trust constituted by the Trust Deed and called ChinaAMC Global ETF Series or such other name as the Manager may from time to time determine upon prior notice to the Trustee.

“Trust Deed” means the trust deed dated 17 September 2015 between the Manager and the Trustee constituting the Trust (as amended and restated from time to time).

“Trust Fund” means all the property held by the Trust, including all Deposited Property and Income Property (both as defined in the Trust Deed), except for amounts to be distributed, in each case in accordance with the terms and provisions of the Trust Deed.

“Trustee” means HSBC Institutional Trust Services (Asia) Limited or such other person or persons for the time being duly appointed trustee or trustees hereof in succession thereto under the provisions of the Trust Deed.

“Unit” means one undivided unit in the Sub-Fund.

“Unitholder” means a person for the time being entered on the register of holders as the holder of Units including, where the context so admits, persons jointly registered.

“Unlisted Class(es) of Units” means a class of Units of a Sub-Fund which is neither listed on the SEHK nor any other Recognised Stock Exchange.

“USD” or “US dollar” means United States dollars, the lawful currency of the United States of America.

“Valuation Point” means, in respect of the Sub-Fund (or Class), the official close of trading on the Market on which the Securities constituting the Sub-Fund are listed on each Dealing Day and if more than one, the official close of trading on the last relevant Market to close or such other time or times as determined by the Manager in consultation with the Trustee from time to time provided that there shall always be a Valuation Point on each Dealing Day other than where there is a suspension of the creation and redemption of Units.

## SUMMARY

### ***ChinaAMC RMB Money Market ETF is an active exchange traded fund***

Investors should note that the Sub-Fund has both Listed Class of Units and Unlisted Class(es) of Units. Please refer to the sections relevant to your intended holding of Units.

#### **Key Information**

*Set out below is a summary of key information in respect of the Sub-Fund which should be read together with the full text of this Prospectus.*

*Key information applicable to both Listed Class of Units and Unlisted Class(es) of Units*

|                            |  |
|----------------------------|--|
| <b>Investment Strategy</b> | Please refer to the section on “Investment Strategy” below   |
| <b>Distribution Policy</b> | No distribution to Unitholders   |
| <b>Base Currency</b>       | Renminbi (RMB)   |
| <b>Financial Year End</b>  | 31 December (The first annual report for the Sub-Fund was published for the period ended 31 December 2024 and the first half-yearly unaudited report was published for the half year ended 30 June 2024) |
| <b>Website</b>             | <a href="https://www.chinaamc.com.hk/en/index.html">https://www.chinaamc.com.hk/en/index.html</a><br>(this website has not been reviewed by the SFC)   |

*Key information applicable to Listed Class of Units only*

|  |   |
|--|---|
| <b>Initial Issue Date</b>                          | 11 July 2023  |
| <b>Listing Date (SEHK)</b>                         | 12 July 2023  |
| <b>Issue Price during the Initial Offer Period</b> | RMB 100   |
| <b>Exchange Listing</b>                            | SEHK – Main Board   |
| <b>Short Stock Name</b>                            | A CAM RMB MM – HKD counter<br>A CAM RMB MM-R – RMB counter            |
| <b>Stock Code</b>                                  | 3161 – HKD counter<br>83161 – RMB counter                             |
| <b>Trading Board Lot Size</b>                      | 1 Units – HKD counter<br>1 Units – RMB counter                        |
| <b>Trading Currency</b>                            | Hong Kong dollars (HKD) – HKD counter<br>Renminbi (RMB) – RMB counter |
| <b>Dealing Deadline</b>                            | 4:00 p.m. (Hong Kong time) on the immediately preceding Dealing Day   |
| <b>Creation / Redemption Policy</b>                | Cash (RMB only)   |

|   |  |
|---|--|
| <b>Application Unit Size (only by or through Participating Dealers)</b> | Minimum 500 Units (or multiples thereof)       |
| <b>Management Fee</b>   | Currently 0.2% per year of the Net Asset Value |

*Key information applicable to Unlisted Class(es) of Units only*

|  |  |
|--|--|
| <b>Unlisted Class(es) of Units Offered</b>   | Class A Units (RMB), Class F Units (RMB), Class I Units (RMB), Class S Units (RMB), Class A Units (USD), Class F Units (USD), Class I Units (USD), Class A Units (hedged USD), Class F Units (hedged USD), Class I Units (hedged USD), Class A Units (HKD), Class F Units (HKD), Class I Units (HKD), Class A Units (hedged HKD), Class F Units (hedged HKD) and Class I Units (hedged HKD)  |
| <b>Minimum initial investment , minimum subsequent investment, minimum holding and minimum redemption amount</b> | <p>Class A Units (RMB): RMB 10</p> <p>Class F Units (RMB): RMB 1</p> <p>Class I Units (RMB): RMB 10,000</p> <p>Class A Units (HKD) / Class A Units (hedged HKD): HKD 10</p> <p>Class F Units (HKD) / Class F Units (hedged HKD): HKD 1</p> <p>Class I Units (HKD) / Class I Units (hedged HKD): HKD 10,000</p> <p>Class A Units (USD) / Class A Units (hedged USD): USD 10</p> <p>Class F Units (USD) / Class F Units (hedged USD): USD 1</p> <p>Class I Units (USD) / Class I Units (hedged USD): USD 1,000</p> <p>Class S Units (RMB): Nil</p> |
| <b>Initial Offer Period</b>  | 9:00 a.m. (Hong Kong time) on 7 July 2023 and ends at 4:00 p.m. (Hong Kong time) on 10 July 2023, or such other date or time as the Manager may determine for a particular Class   |
| <b>Subscription Price during the Initial Offer Period</b>  | <p>Class A Units (RMB) / Class F Units (RMB) / Class I Units (RMB) / Class S Units (RMB): RMB 100</p> <p>Class A Units (HKD) / Class A Units (hedged HKD) / Class F Units (HKD) / Class F Units (hedged HKD) / Class I Units (HKD): HKD 100</p>  |

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|--|--|---|
|  | (HKD) / Class I Units (hedged HKD):<br><br>Class A Units (USD) / Class A Units (hedged USD) / Class F Units (USD) / Class F Units (hedged USD) / Class I Units (USD) / Class I Units (hedged USD):   | USD 100   |
| <b>Subscription Deadline / Redemption Deadline</b> | 11:00 a.m. (Hong Kong time) on the Dealing Day   |   |
| <b>Management Fee</b>                              | Class A Units (RMB) / Class A Units (HKD) / Class A Units (hedged HKD) / Class A Units (USD) / Class A Units (hedged USD):<br><br>Class F Units (RMB) / Class F Units (HKD) / Class F Units (hedged HKD) / Class F Units (USD) / Class F Units (hedged USD):<br><br>Class I Units (RMB) / Class I Units (HKD) / Class I Units (hedged HKD) / Class I Units (USD) / Class I Units (hedged USD):<br><br>Class S Units (RMB): | 0.3% per annum of the Net Asset Value<br><br>0.6% per annum of the Net Asset Value<br><br>0.15% per annum of the Net Asset Value<br><br>Nil |

*Key similarities and differences between Listed Class of Units and Unlisted Class(es) of Units*

|                             |   |
|-----------------------------|---|
| <b>Investment Objective</b> | Same for both Listed Class of Units and Unlisted Class(es) of Units. Please refer to the “Investment Objective and Investment Strategy” section of this Prospectus.   |
| <b>Investment Strategy</b>  |   |
| <b>Valuation Policy</b>     | Same for both Listed Class of Units and Unlisted Class(es) of Units. Please refer to the “Determination of Net Asset Value” section of this Prospectus.   |
| <b>Dealing Arrangements</b> | Different in respect of each of the Listed Class of Units and Unlisted Class(es) of Units.<br><br>Investors should note that the Dealing Deadline in respect of Listed Class of Units and the Subscription and Redemption Deadlines for Unlisted Class(es) of Units are different, but the Valuation Point is the same for the relevant Dealing Day.<br><br>In respect of the Listed Class of Units:<br><br>- the dealing period in respect of each Dealing Day for a Creation Application or Redemption Application commences at 9:00 a.m. (Hong Kong time) on the immediately preceding Dealing Day and ends at the |

Dealing Deadline at 4:00 p.m. (Hong Kong time) on the immediately preceding dealing day; and

- a secondary market investor can buy and sell the Listed Class of Units on the SEHK through his stockbroker at any time the SEHK is open. Investors can buy or sell the Listed Class of Units at market price.

In respect of the Unlisted Class(es) of Units, the Subscription Deadline and Redemption Deadline is 11:00 a.m. (Hong Kong time) on each Dealing Day. Investors can buy or sell the Unlisted Class(es) of Units at Net Asset Value.

|  | Listed Class of Units  | Unlisted Class(es) of Units                    |
|--|--|--|
| Dealing Deadline / Subscription or Redemption Deadline in respect of a Dealing Day | 4:00 p.m. (Hong Kong time) on the immediately preceding Dealing Day*   | 11:00 a.m. (Hong Kong time) on the Dealing Day |
| Valuation Point  | Approximately 1:00 p.m. (Hong Kong time) on the applicable valuation day (which coincides with each Dealing Day) |  |

\*Investors should note that Creation and Redemption Applications for Listed Class of Units received during the dealing period in respect of a Dealing Day ("Day T") (i.e. between 9:00 a.m. to 4:00 p.m. (Hong Kong time) on the immediately preceding Dealing Day ("Day T-1")) will be processed at the Net Asset Value per Unit of the Listed Class of Units of Day T, which is determined at the Valuation Point on Day T. For example:

In respect of Listed Class of Units:

- a Creation or Redemption Application for Listed Class of Units received at or before 4:00 p.m. (Hong Kong time) on Day T-1 will be processed at the Net Asset Value per Unit of the Listed Class of Units of Day T; and
- a Creation or Redemption Application for Listed Class of Units received at 10:00 a.m. (Hong Kong time) on Day T, i.e. after the Dealing Deadline of Day T for such class (i.e. 4:00 p.m. (Hong Kong time) on Day T-1), will be processed on the next Dealing Day (i.e. Day T+1) at the Net Asset Value per Unit of Listed Class of Units of Day T+1.

In respect of Unlisted Class(es) of Units:

- a subscription or redemption application for Unlisted Class(es) of Units received at 10:00 a.m. (Hong Kong time) on Day T, i.e. before the Subscription or Redemption Deadline of Day T for such class, will be processed on Day T at the Net Asset Value per Unit of Unlisted Class of Units of Day T; and
- a subscription or redemption application for Unlisted



|  |   |
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|  | <p>Class(es) of Units received at 3:00 p.m. (Hong Kong time) on Day T, i.e. after the Subscription or Redemption Deadline of Day T for such class, will be processed on the next Dealing Day (i.e. Day T+1) at the Net Asset Value per Unit of Unlisted Class of Units of Day T+1.</p> <p>Please refer to Schedule 2 “Provisions relating to the offer, creation, redemption, listing and trading of the Listed Class of Units” and Schedule 3 “Provisions relating to the offer, subscription, conversion and redemption of the Unlisted Class(es) of Units” for information relating to the Listed Class of Units and Unlisted Class(es) of Units respectively.</p>   |
| <b>Dealing Frequency</b>                   | Same for both Listed Class of Units and Unlisted Class(es) of Units – each Business Day.  |
| <b>Valuation Point</b>                     | Same for both Listed Class of Units and Unlisted Class(es) of Units – approximately 1:00 p.m. (Hong Kong time) on the applicable valuation day (which coincides with each Dealing Day).   |
| <b>Fee Structure</b>                       | <p>Different in respect of each of the Listed Class of Units and Unlisted Class(es) of Units.</p> <p>Both classes of Units are subject to management fee and Trustee’s fee.</p> <p>An investment in the Listed Class of Units in the secondary market is subject to fees involved in relation to the trading of such Units on the SEHK (such as the Service Agent’s fee, transaction costs, brokerage fee, transaction levy, trading fee etc.).</p> <p>An investment in the Unlisted Class(es) of Units may be subject to the payment of subscription fees and switching fees (if applicable), but not redemption fees.</p> <p>Please refer to the “Fees and Expenses” section of this Prospectus.</p>  |
| <b>Investment return / Net Asset Value</b> | <p>Different in respect of each of the Listed Class of Units and Unlisted Class(es) of Units due to various factors, including but not limited to the different fee structures applicable to each class of Units, different dealing arrangements (i.e. Listed Class of Units can be bought and sold at market price whereas Unlisted Class(es) of Units are bought and sold at Net Asset Value) and costs (such as Transaction Fee and Duties and Charges in respect of creation and redemption of Listed Class of Units in the primary market and fees payable in respect of trading of Listed Classes of Units in the secondary market), stamp duty. Accordingly, the performance of the different classes of Units will be different.</p> <p>Please refer to the “Risk associated with differences in trading, fee and cost arrangements between Listed Class and Unlisted Class(es) of Units” risk factor of this Prospectus.</p> |
| <b>Termination</b>                         | Due to the nature of the listing of the Listed Class of Units, the termination procedures applicable to the Listed Class of Units and Unlisted Class(es) of Units may differ. Please refer to the   |

|  |   |
|--|---|
|  | sub-section headed "Termination" under the section headed "Statutory and General Information" of this Prospectus for further details. |
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## INVESTMENT OBJECTIVE AND STRATEGY

The Sub-Fund is an actively-managed exchange traded fund falling within Chapter 8.2 and 8.10 of the Code.

### Investment Objective

The Sub-Fund's investment objective is to invest in short-term deposits and high quality money market instruments. The Sub-Fund seeks to achieve a long-term return in RMB in line with prevailing money market rates, with primary considerations of both capital security and liquidity. There can be no assurance that the Sub-Fund will achieve its investment objective.

### Investment Strategy

The Sub-Fund employs an actively management investment strategy. The Sub-Fund seeks to achieve its investment objective by investing not less than 70% of its Net Asset Value in RMB-denominated and settled short-term deposits and high quality money market instruments of varying maturities issued by governments, quasi-governments, international organisations, financial institutions and corporations. The Sub-Fund may invest up to 30% of its Net Asset Value in non-RMB-denominated and settled short-term deposits and high quality money market instruments. The Manager may hedge non-RMB-denominated investments into RMB in order to manage any material currency risk, subject to the Manager's view on the market.

#### Short-term Deposits and High Quality Money Market Instruments

Short-term deposits and high-quality money market instruments include, but are not limited to, fixed income and debt instruments, government bills, certificates of deposit, commercial papers, fixed and floating rate short-term notes and bankers' acceptances. In assessing whether a money market instrument is of high quality, at a minimum, the credit quality and the liquidity profile of the instrument must be considered.

The Sub-Fund will not invest more than 30% of its Net Asset Value in any single country or region, other than Greater China (comprising Mainland China, Hong Kong, Macao and Taiwan). The investment in Greater China region may be up to 100% of the Sub-Fund's Net Asset Value. The Sub-Fund may invest in aggregate up to 100% of its Net Asset Value in the short-term deposits and high quality money market instruments issued in Mainland China, including bonds issued by the Mainland Chinese government, China Development Bank, Export-Import Bank of China and Agricultural Development Bank of China ("China Government Bonds and Policy Bank Bonds"). The investment in China Government Bonds and Policy Bank Bonds will be less than 70% of the Sub-Fund's Net Asset Value. Onshore Mainland China investments will be made through the QFI status of the Manager, or via the Mainland inter-bank bond market under Foreign Access Regime, Bond Connect and/or other means as may be permitted by relevant regulations from time to time. Investments made via QFI and Foreign Access Regime will in aggregate constitute less than 70% of the Net Asset Value.

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 (as defined in the Prospectus), up to 30% may be invested in the same issue; or (iii) in respect of any deposit of less than USD1,000,000 or its equivalent in the base currency of the Sub-Fund, 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 and 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.

The Sub-Fund will only invest in high quality money market instruments, including high quality fixed income and debt instruments, rated investment grade or above (or where such instruments have no credit rating, the credit rating of their issuer or guarantor should be investment grade or above) with short term or short remaining maturity. For the purposes of the Sub-Fund, investment grade is defined as below:

- Short-term fixed income and debt instruments are considered investment grade if their credit ratings or the credit ratings of their issuers are rated A-3 or higher by Standard & Poor's, or F3 or higher by Fitch, or P-3 or higher by Moody's, or equivalent rating as rated by one of the international credit rating agencies.
- While the Sub-Fund does not intend to invest in fixed income and debt instruments with a long term to maturity remaining at the time of investment, the long-term credit ratings will be considered where the Sub-Fund invests in fixed income and debt instruments which have been rated long-term credit ratings, but have a shorter term to maturity remaining (subject to the requirements on remaining maturity, weighted average maturity and weighted average life of the portfolio of the Sub-Fund as set out above). For such instruments, investment grade means Baa3 or BBB- or above by Standard & Poor's, Fitch, Moody's or another recognised credit rating agency for the security or its issuer.
- For Mainland China onshore fixed income and debt instruments, investment grade means AA+ or above by China Chengxin International Credit Rating Co., Ltd or China Lianhe Credit Rating Co., Ltd, or equivalent ratings by one of the local rating agencies recognised by the relevant authorities in Mainland China.

For investment grade (either the security or its issuer or guarantor) fixed income and debt instruments, the Manager will assess the credit risks of the fixed income and debt instruments on an ongoing basis based on quantitative and qualitative fundamentals, including but not limited to the issuer's leverage, operating margin, return on capital, interest coverage, operating cash flows, industry outlook, the firm's competitive position and corporate governance etc. to ensure that the fixed income and debt instruments that the Sub-Fund invests in are of high credit quality.

The Manager will assess the liquidity profile of instruments based on, amongst other factors, time to cash, external liquidity classification, liquidation horizon, daily trading volume, price volatility and bid-ask spread of such instruments. Only instruments with sufficient liquidity will be included in the portfolio of the Sub-Fund.

The Sub-Fund will not invest in any convertible bonds or instruments with loss absorption features.

#### Other Investments

The Sub-Fund may invest less than 10% of its Net Asset Value in high quality short-term urban investment bonds (城投債) rated investment grade or above, which are debt instruments issued by Mainland China local government financing vehicles (the "LGFVs") and traded in the listed bond market and inter-bank bond market in Mainland China. 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 also invest less than 50% of its Net Asset Value in high quality short-term "Dim Sum" bonds, i.e. bonds issued outside of Mainland China but denominated in RMB, rated investment grade or above.

The Sub-Fund may invest up to 10% of its Net Asset Value in money market funds authorised in Hong Kong by the SFC under Chapter 8.2 of the Code or regulated in other jurisdictions in a manner generally comparable with the requirements of the SFC and acceptable to the SFC, including Mainland China money market funds authorised by the China Securities Regulatory Commission. Such money market funds will maintain a portfolio with weighted average maturity not exceeding

60 days and a weighted average life not exceeding 120 days and will not purchase an instrument with a remaining maturity of more than 397 days, or two years in the case of Government and other Public Securities. The money market fund is either managed by third party, or by the Manager itself or its Connected Persons.

The Sub-Fund may invest up to 15% of its Net Asset Value in high quality short-term asset backed securities, such as mortgage backed securities and asset backed commercial papers which are investment grade or above.

The Sub-Fund will enter into financial derivative instruments for hedging purposes only.

The Sub-Fund may invest up to 10% of its Net Asset Value in the tokenised versions of the investments specified in the investment strategy of the Sub-Fund (which may include money market instruments, securities and deposits), subject to the investment limits applicable to the respective investments.

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

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

The Sub-Fund may enter into sale and repurchase transactions for 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. The amount of cash received by the Sub-Fund under such transactions may not in aggregate exceed 10% of its Net Asset Value.

The Sub-Fund may engage in reverse repurchase transactions for up to 20% of its Net Asset Value provided that the aggregate amount of cash provided to the same counterparty in reverse repurchase agreements may not exceed 15% of the Net Asset Value of the Sub-Fund.

Save as disclosed above, the Sub-Fund currently does not intend to enter into any securities lending transactions or other similar over-the-counter transactions. Prior approval from the SFC (if required) will be sought in the event that the Manager intends to engage in such activities and at least one month's prior notice will be given to Unitholders.

### **The offshore RMB market**

#### What led to RMB internationalisation?

RMB is the lawful currency of Mainland China. RMB is not a freely convertible currency and it is subject to foreign exchange control policies of and repatriation restrictions imposed by the Mainland Chinese government. Since July 2005, the Mainland Chinese government began to implement a controlled floating exchange rate system based on the supply and demand in the market and adjusted with reference to a portfolio of currencies. The exchange rate of RMB is no longer pegged to US dollars, resulting in a more flexible RMB exchange rate system.

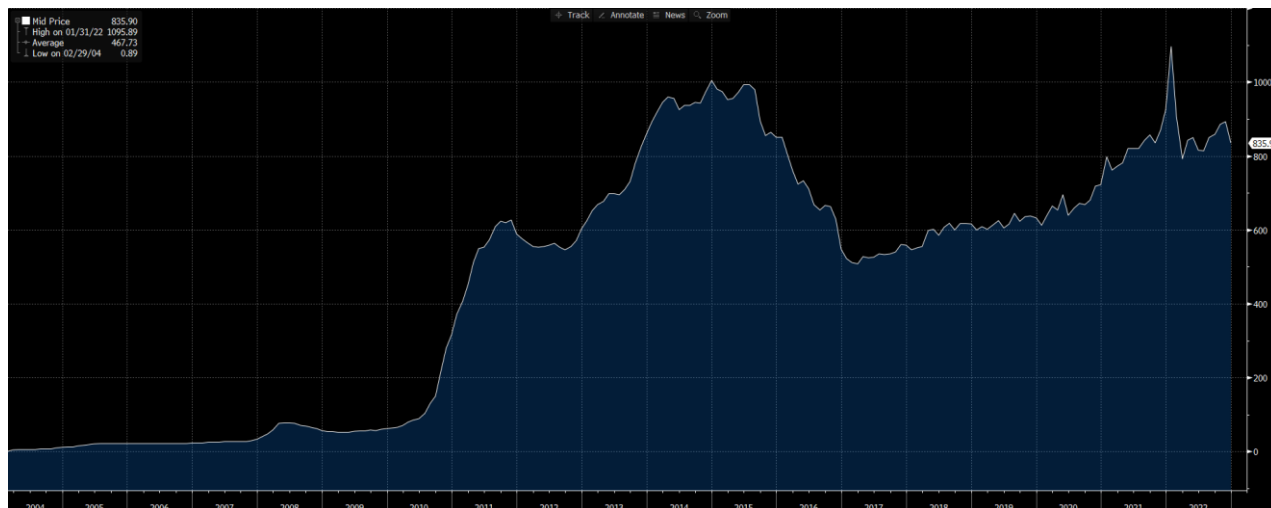
Over the past two decades, Mainland China's economy grew rapidly at an average annual rate of 10.5% in real terms. This enables it to overtake Japan to become the second largest economy and trading country in the world. As Mainland China's economy becomes increasingly integrated with the rest of the world, it is a natural trend for its currency – the RMB, to become more widely used in the trade and investment activities.

#### Acceleration in the pace of the RMB internationalisation

Mainland China has been taking gradual steps to increase the use of RMB outside its borders by setting up various pilot programmes in Hong Kong and neighbouring areas in recent years. For instance, banks in Hong Kong were the first permitted to provide RMB deposits, exchange, remittance and credit card services to personal customers in 2004. Further relaxation occurred in 2007 when the authorities allowed Mainland China financial institutions to issue RMB bonds in

Hong Kong. As of the end of December 2022, there are 142 banks in Hong Kong engaging in RMB business, with RMB deposits amounting to about RMB 835.90 billion, as compared to just RMB63 billion in 2009.

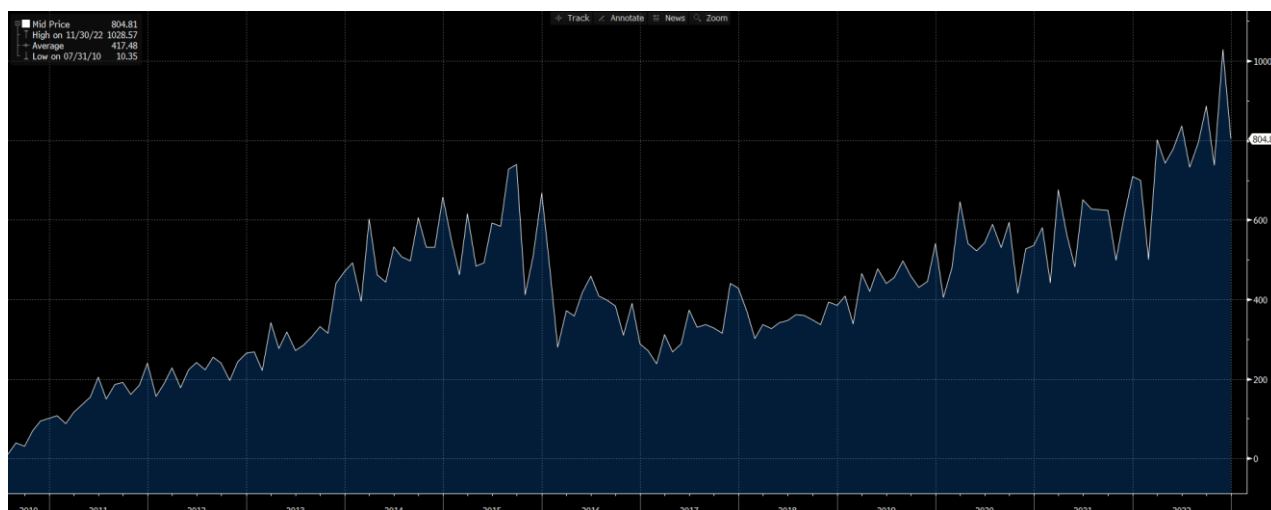
Chart 1. RMB deposits in Hong Kong



Data source: Bloomberg as of 31 December 2022

The pace of RMB internationalisation has accelerated since 2009 when the Mainland Chinese authorities permitted cross-border trade between Hong Kong/Macau and Shanghai/Guangdong cities, and between ASEAN and Yunnan/Guangxi, to be settled in RMB. In December 2017, the arrangement was expanded to 20 provinces/municipalities in Mainland China and to all countries/regions overseas. In December 2022, nearly RMB 804.81 billion worth of cross-border trade was settled in Hong Kong with RMB.

Chart 2. Remittances for RMB cross-border trade settlement



Data source: Bloomberg as of 31 December 2022

### Onshore versus offshore RMB market

Following a series of policies introduced by the Mainland Chinese authorities, an RMB market outside Mainland China has gradually developed and started to expand rapidly since 2009. RMB traded outside Mainland China is often referred as “offshore RMB” with the denotation “CNH”, which distinguishes it from the “onshore RMB” or “CNY”.

Both onshore and offshore RMB are the same currency but are traded in different markets. Since the two RMB markets operate independently where the flow between them is highly restricted, onshore and offshore RMB are traded at different rates and their movement may not be in the same direction. Due to the strong demand for offshore RMB, CNH used to be traded at a premium to onshore RMB, although occasional discount may also be observed. The relative strength of onshore and offshore RMB may change significantly, and such change may occur within a very short period of time.

Notwithstanding that the offshore RMB market showed a meaningful growth during the past two years, it is still at an early stage of the development and is relatively sensitive to negative factors or market uncertainties. For instance, the value of offshore RMB had once dropped by 2% against the US dollars in the last week of September 2011 amidst the heavy selloff of the equities market. In general, the offshore RMB market is more volatile than the onshore one due to its relatively thin liquidity.

There have been talks on the potential convergence of the two RMB markets but that is believed to be driven by political decisions rather than just economics. It is widely expected that the onshore and offshore RMB markets would remain two segregated, but highly related, markets for the next few years.

### Recent measures

More measures to relax the conduct of offshore RMB business were announced in 2010. On 19 July 2010, with respect to the lifting of restrictions on interbank transfer of RMB funds and, as well as granting permission for companies in Hong Kong to exchange foreign currencies for RMB without limit. One month later, the Mainland Chinese authorities announced the partial opening up of Mainland China's interbank bond market for foreign central banks, RMB clearing banks in Hong Kong and Macau and other foreign banks participating in the RMB offshore settlement programme.

The National Twelfth Five-Year Plan adopted in March 2011 explicitly supports the development of Hong Kong as an offshore RMB business centre. In August 2011, Mainland China Vice-Premier Li Keqiang has announced more new initiatives during his visit, such as allowing investments on Mainland China's equity market through the QFI scheme and the launch of an ETF with Hong Kong stocks as the underlying constituents in Mainland China. Also the Mainland Chinese government has given approval for the first non-financial Mainland China firm to issue RMB-denominated bonds in Hong Kong.

Chinese bonds and stocks were included in international indexes since 2018. RMB assets are becoming more attractive since then. In 2019, RMB's share of global foreign exchange reserves hit record high, surpassing Australian dollar and Canadian dollar.

### RMB internationalisation is a long-term goal

Given Mainland China's economic size and growing influence, RMB has the potential to become an international currency in the same ranks as US dollars and euro. But Mainland China has to first accelerate the development of its financial markets and gradually make RMB fully convertible on the capital account. Although the internationalisation of RMB will bring benefits such as increasing political influence and reduced exchange rate risks, it also entails risks including rising volatility of RMB exchange rate.

The process of RMB internationalisation is a long and gradual one. It took US dollars many decades to replace the British pound to become a dominant reserve currency. It will also take time for RMB to gain importance in coming years. RMB will not be in a position to challenge the US dollar's main reserve currency status for some time to come.

### **QFI regime**

Under current regulations in Mainland China, foreign investors can invest in the domestic securities market through certain qualified foreign institutional investors that have obtained status as a QFI from the CSRC for the purpose of investing in Mainland China's domestic securities

markets, or via Bond Connect.

On 25 September 2020, the CSRC issued the Measures for the Administration of Domestic Securities and Futures Investment by Qualified Foreign Institutional Investors and RMB Qualified Foreign Institutional Investors (in Chinese 《合格境外機構投資者和人民幣合格境外機構投資者境內證券期貨投資管理辦法》) and its implementing rules (collectively, the “New QFI Measures”), which, with effect from 1 November 2020, consolidated the previous QFII and RQFII programs into one.

As of the date of this Prospectus, the QFI regime is governed by (i) the “Regulations on Capital Management of Domestic Securities and Futures Investments by Foreign Institutional Investors” jointly issued by the PBOC and the SAFE and effective from 6 June 2020 (in Chinese 《境外機構投資者境內證券期貨投資資金管理規定》); (ii) the New QFI Measures; and (iii) any other applicable regulations promulgated by the relevant authorities (collectively, the “QFI Regulations”).

The Manager has obtained QFI status pursuant to the QFI Regulations. Starting from 1 November 2020 when the New QFI Measures took effect, the Manager is able to select whether to use foreign convertible currencies or RMB to make investment under the QFI regime.

All of the Sub-Fund’s assets in Mainland China (including onshore China cash deposits and other investments) will be held by the Mainland China sub-custodian. A securities account has been opened with the China Securities Depository and Clearing Co., Ltd (中國證券登記結算有限責任公司) (the “CSDCC”) in the joint names of the Manager (as the QFI holder) and the Sub-Fund. A special RMB cash account has been established and maintained with the Mainland China sub-custodian in the joint names of the Manager (as the QFI holder) and the Sub-Fund. The Mainland China sub-custodian shall, in turn, have a cash clearing account with CSDCC for trade settlement according to applicable regulations.

### **Investment in the Mainland inter-bank bond market via Foreign Access Regime**

Pursuant to the “Announcement (2016) No 3” issued by the PBOC (中國人民銀行公告 [2016] 第3號) on 24 February 2016, foreign institutional investors can invest in the Mainland inter-bank bond market (“Foreign Access Regime”) subject to other rules and regulations as promulgated by the Mainland Chinese authorities, i.e., PBOC and the SAFE. Such rules and regulations may be amended from time to time and include (but are not limited to):

- the “Implementation Rules for Filing by Foreign Institutional Investors for Investment in Interbank Bond Markets” (境外機構投資者投資銀行間債券市場備案管理實施細則) issued by the Shanghai Head Office of PBOC on 27 May 2016;
- the “Circular concerning the Foreign Institutional Investors’ Investment in Interbank bond market in relation to foreign currency control” (國家外匯管理局關於境外機構投資者投資銀行間債券市場有關外匯管理問題的通知) issued by SAFE on 27 May 2016; and
- any other applicable regulations promulgated by the relevant authorities.

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

In terms of fund remittance, foreign investors (such as the Sub-Fund) may remit investment principal in RMB or foreign currency into Mainland China for investing in the Mainland inter-bank bond market. An investor will need to remit investment principal matching at least 50% of its anticipated investment size within nine months after the completion of the filing with the Shanghai



Head Office of PBOC, or else an updated filing will need to be made through the onshore settlement agent. For repatriation, where a Sub-Fund repatriates funds out of Mainland China, the ratio of RMB to foreign currency (“Currency Ratio”) should generally match the original Currency Ratio when the investment principal was remitted into Mainland China, with a maximum permissible deviation of 10%.

### **Investment in the Mainland inter-bank bond market via Northbound Trading Link under Bond Connect**

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

Bond Connect is governed by rules and regulations as promulgated by the Mainland Chinese authorities. Such rules and regulations may be amended from time to time and include (but are not limited to):

- the “Interim Measures for the Administration of Mutual Bond Market Access between Mainland China and Hong Kong (Decree No.1 [2017])” (內地與香港債券市場互聯互通合作管理暫行辦法(中國人民銀行令[2017]第1號)) issued by the PBOC on 21 June 2017;
- the “Guide on Registration of Overseas Investors for Northbound Trading in Bond Connect” (中國人民銀行上海總部“債券通”北向通境外投資者准入備案業務指引) issued by the Shanghai Head Office of PBOC on 22 June 2017; and
- any other applicable regulations promulgated by the relevant authorities.

Under the prevailing regulations in Mainland China, eligible foreign investors will be allowed to invest in the bonds circulated in the Mainland inter-bank bond market through the northbound trading of Bond Connect (“Northbound Trading Link”). There will be no investment quota for Northbound Trading Link.

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

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

## DEALING OF LISTED CLASS OF UNITS

Dealings in the Listed Class of Units on the SEHK commenced on 12 July 2023.

The current Dealing Deadline is 4:00 p.m. (Hong Kong time) for cash Creation and Redemption Applications on the immediately preceding Dealing Day, or such other time as the Manager (in consultation with the Trustee) may determine on any day when the trading hours of the SEHK are reduced.

Applications for creation of Listed Class of Units may be made by way of cash Creation Application (in RMB). Settlement for subscribing for Listed Class of Units is due at the time specified in the Operating Guidelines on the relevant Dealing Day in accordance with the Operating Guidelines.

The Issue Price of Listed Class of Units created and issued by a Creation Application will be the prevailing Net Asset Value attributable to the Listed Class of Units as at the relevant Valuation Point divided by the total number of Listed Class of Units in issue rounded to 4 decimal places (0.00005 or above being rounded up).

All investors may buy and sell Listed Class of Units in the secondary market on the SEHK and Participating Dealers (for themselves or for their clients) may apply for creation and redemption of Listed Class of Units in the primary market.

The attention of investors is drawn to the section entitled “The Offering Phases” in Schedule 2 of this Prospectus.

### **Exchange listing and trading (secondary market) of Listed Class of Units**

Listed Class of Units are neither listed nor dealt on any other stock exchange and no application for such listing or permission to deal is being sought as of the date of this Prospectus. Application may be made in the future for a listing of Listed Class of Units on one or more other stock exchanges. Investors’ attention is drawn to the section headed “Exchange Listing and Trading (Secondary Market)” in Schedule 2 of this Prospectus for further information.

#### *Dual-Counter*

The Manager has arranged for the Listed Class of Units of the Sub-Fund to be available for trading on the secondary market on the SEHK under a Dual-Counter arrangement. Listed Class of Units are denominated in RMB. The Sub-Fund offers 2 trading counters on the SEHK (i.e. HKD counter and RMB counter) to investors for secondary trading purposes. Listed Class of Units traded in HKD and RMB counters will be considered as one multi-counter eligible security in CCASS. The stock code of the trading counter in HKD is used as the domain stock code for recording the activities and holdings in relation to such multi-counter eligible security in CCASS. It means clearing, settlement and corporate action on the Units of the Sub-Fund will be all consolidated in the HKD counter.

Listed Class of Units traded on each counter are of the same class and all Unitholders of all counters are treated equally. The counters will have different stock codes and stock short names (as set out in the section “Summary” under the sub-section “Key Information applicable to Listed Class of Units only” above), but trade and settle with a single ISIN number.

Normally, investors can buy and sell Listed Class of Units traded in the same counter or alternatively buy in one counter and sell in the other counter provided their brokers provide HKD and RMB trading services at the same time. Inter-counter buy and sell is permissible even if the trades take places within the same trading day. However, investors should note that the trading price of Listed

Class of Units traded in each counter may be different and may not always maintain a close relationship depending on factors such as market demand and supply and liquidity in each counter.

Investors should consult their brokers if they have any questions concerning fees, timing, procedures and the operation of the Dual-Counter, including inter-counter trading. Investors' attention is also drawn to the risk factor entitled "Risks associated with Dual-Counter" under the section "Risk Factors" of this Prospectus.

### **Redemptions of Listed Class of Units**

Listed Class of Units can be redeemed directly (through a Participating Dealer). Redemption proceeds may be paid in cash (in RMB). Any accepted Redemption Application will be effected by the payment of cash in accordance with the Operating Guidelines and the Trust Deed.

The Redemption Value on a Dealing Day shall be the prevailing Net Asset Value attributable to the Listed Class of Units as at the relevant Valuation Point divided by the total number of Listed Class of Units in issue rounded down to 4 decimal places.

## DEALING OF UNLISTED CLASS(ES) OF UNITS

### *Available Classes*

The Sub-Fund currently offers the following Unlisted Class(es) of Units to investors:

- Class A Units (RMB)
- Class A Units (USD)
- Class A Units (HKD)
- Class A Units (hedged USD)
- Class A Units (hedged HKD)
- Class F Units (RMB)
- Class F Units (USD)
- Class F Units (HKD)
- Class F Units (hedged USD)
- Class F Units (hedged HKD)
- Class I Units (RMB)
- Class I Units (USD)
- Class I Units (HKD)
- Class I Units (hedged USD)
- Class I Units (hedged HKD)
- Class S Units (RMB)\*

\*Class S Units are available for subscription by the following categories of investors:

- i. investors whose underlying investors may otherwise be charged with duplicate fees, including but not limited to mutual funds or fund-of-funds (which may be managed by the Manager or its Connected Persons);
- ii. current employees of the Manager or its affiliates at the time of subscription who submit dealing orders directly without going through any distribution channels; and
- iii. pension schemes authorised by Hong Kong regulators or regulated in other jurisdictions.

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

The Manager may in future determine to issue additional Unlisted Class(es) of Units.

### *Initial Offer Period*

The Initial Offer Period of the Unlisted Class(es) of Units commenced at 9:00 a.m. (Hong Kong time) on 7 July 2023 and ended at 4:00 p.m. (Hong Kong time) on 10 July 2023 (or such other dates or times as the Manager may determine for a particular Class).

### *Initial Subscription Price*

The initial Subscription Price for each of the Unlisted Class(es) of Units is as follows:

- Class A Units (RMB) / Class F Units (RMB) / Class I Units (RMB) / Class S Units (RMB): RMB100 per Unit
- Class A Units (HKD) / Class F Units (HKD) / Class I Units (HKD) / Class A Units (hedged HKD) / Class F Units (hedged HKD) / Class I Units (hedged HKD): HKD100 per Unit
- Class A Units (USD) / Class F Units (USD) / Class I Units (USD) / Class A Units (hedged USD) / Class F Units (hedged USD) / Class I Units (hedged USD): USD100 per Unit

The Manager may at any time decide to close a Class to further subscriptions before the end of the Initial Offer Period without any prior or further notice.

### *Dealing procedures*

For details of dealing procedures, please refer to the information below and in Schedule 3 of this Prospectus. The following apply to the Sub-Fund:

|  |   |
|--|---|
| <i>Dealing Day</i>                                   | each Business Day                                       |
| <i>Subscription Deadline and Redemption Deadline</i> | 11:00 a.m. (Hong Kong time) on the relevant Dealing Day |
| <i>Deadline for cleared funds</i>                    | 11:00 a.m. (Hong Kong time) on the relevant Dealing Day |
| <i>Valuation Point</i>                               | 1:00 p.m. (Hong Kong time) on the relevant Dealing Day  |

Investors should note that subscription monies in respect of the Sub-Fund must be paid in the currency of denomination of the relevant class of Units. Redemption proceeds will be paid to redeeming Unitholders in the currency of denomination of the relevant class of Units.

### *Subscription Price and Redemption Price*

The Subscription Price and Redemption Price of each of the Unlisted Class of Units on any Dealing Day will be the price per Unit of the relevant Unlisted Class of Units ascertained by dividing the Net Asset Value of the relevant Class as at the Valuation Point in respect of the relevant Dealing Day by the number of Units of that class then in issue and rounded down to 4 decimal places. Any rounding adjustment will be retained by the relevant Class.

### *Payment of subscription monies*

Subscription monies in respect of Unlisted Class(es) of Units should be received in cleared funds by (i) the Subscription Deadline on the relevant Dealing Day on which an application was received by the Subscription Deadline or (ii) in the case of applications for Unlisted Class(es) of Units during the Initial Offer Period, such time on the last day of the Initial Offer Period of Unlisted Class(es) of Units as specified in this Prospectus, or within such other period as determined by the Manager.

### *Payment of redemption proceeds*

Save as otherwise agreed by the Manager, and so long as relevant account details have been provided, redemption proceeds will normally be paid at the risk and expense of the redeeming Unitholder in the Class Currency of the relevant Unlisted Class of Units by telegraphic transfer on the relevant Dealing Day or one Business Day after the relevant Dealing Day to the relevant distributor (or its nominee)'s account, after which the redemption proceeds will be normally transferred to the respective Unitholder within one Business Day by the distributor after the distributor has received such redemption proceeds, subject to the transferal arrangement between the distributor and the Unitholder. In any event, the redemption proceeds will be paid within one calendar month of the relevant Dealing Day or (if later) receipt of a properly documented redemption request, unless the market(s) in which a substantial portion of the Sub-Fund's investments is made is subject to legal or regulatory requirements (such as foreign currency controls) thus rendering the payment of redemption proceeds within the aforesaid time period not practicable, but in such a case the extended time frame for payment should reflect the additional time needed in light of the specific circumstances in the relevant market(s).

### *Investment minima*

The following investment minima apply to the Unlisted Class(es) of Units:

|  | <b><i>Minimum initial investment, minimum subsequent investment, minimum holding and minimum redemption amount</i></b> |
|--|--|
| Class A Units (RMB)                              | RMB 10   |
| Class F Units (RMB)                              | RMB 1  |
| Class I Units (RMB)                              | RMB 10,000   |
| Class A Units (HKD) / Class A Units (hedged HKD) | HKD 10   |
| Class F Units (HKD) / Class F Units (hedged HKD) | HKD 1  |
| Class I Units (HKD) / Class I Units (hedged HKD) | HKD 10,000   |
| Class A Units (USD) / Class A Units (hedged USD) | USD 10   |
| Class F Units (USD) / Class F Units (hedged USD) | USD 1  |
| Class I Units (USD) / Class I Units (hedged USD) | USD 1,000  |
| Class S Units (RMB)                              | Nil  |

The Manager reserves the right to waive the minimum initial investment, minimum subsequent investment, minimum holding and minimum redemption amount requirements for any Class(es) of Units.

### *Switching*

Investors should note that switching between Unlisted Class(es) of Units and Listed Class of Units is not available. Switching between different classes of Unlisted Class(es) of Units of the Sub-Fund may be permitted by the Manager. Please refer to the section “Switching of Unlisted Class(es) of Units” in Schedule 3 of this Prospectus.

## **DETERMINATION OF NET ASSET VALUE**

The Net Asset Value of the Sub-Fund will be calculated by the Trustee as at each Valuation Point, which may be different from the close of any Market, by calculating the value of the assets of the Sub-Fund and deducting the liabilities of the Sub-Fund, in accordance with the terms of the Trust Deed.

Set out below is a summary of how various Securities held by the Sub-Fund are valued:

- (a) Securities that are quoted, listed, traded or dealt in on any Market shall unless the Manager (in consultation with the Trustee) determines that some other method is more appropriate, be valued by reference to the price appearing to the Manager to be the official closing price, or if unavailable, the last traded price on the Market as the Manager may consider in the circumstances to provide fair criterion, provided that (i) if a Security is quoted or listed on more than one Market, the Manager shall adopt the price quoted on the Market which in its opinion provides the principal market for such Security; (ii) if prices on that Market are not available at the relevant time, the value of the Securities shall be certified by such firm or institution making a market in such investment as may be appointed for such purpose by the Manager or, if the Trustee so requires, by the Manager after consultation with the Trustee, (iii) interest accrued on any interest-bearing Securities shall be taken into account, unless such interest is included in the quoted or listed price; (iv) the Manager, the Trustee or its delegates may accept as sufficient evidence of the value of any asset of the Sub-Fund or the cost price or sale price thereof, any market quotation or certification by a calculation agent, broker, any professional person, firm or association qualified in the opinion of the Trustee or its delegates or the Manager to provide such a quotation; and (v) the Manager, the Trustee or its delegates may rely upon the established practice and rulings of any market and any committees and officials thereof on which any dealing in any assets of the Sub-Fund or other property is from time to time effected in determining what shall constitute a good delivery and any similar matters;
- (b) the value of each interest in any unlisted mutual fund corporation or unit trust shall be the latest available net asset value per share or unit in such mutual fund corporation or unit trust or if not available or appropriate, the last available bid price or offer price for such unit, share or other interest;
- (c) Futures Contracts will be valued based on the formulae set out in the Trust Deed;
- (d) except as provided for in paragraph (a)(iii) or (b), the value of any investment which is not listed quoted or ordinarily dealt in on a Market shall be the initial value thereof equal to the amount expended out of the Sub-Fund in the acquisition of such investment (including, in each case the amount of stamp duties, commissions and other acquisition expenses) provided that the Manager may at any time in consultation with the Trustee and shall at such times or at such intervals as the Trust shall request, cause a revaluation to be made by a professional person approved by the Trustee as qualified to value such investments (which may, if the Trustee agrees, be the Manager);
- (e) cash, deposits and similar investments shall be valued at their face value (together with accrued interest) unless, in the opinion of the Manager in consultation with the Trustee, any adjustment should be made to reflect the value thereof; and
- (f) notwithstanding the foregoing, the Manager in consultation with the Trustee may adjust the value of any investment or permit some other method of valuation to be used if, having regard to relevant circumstances, it considers that such adjustment is required to fairly reflect the value of the investment.



The Trustee will perform any currency conversion at the rates which the Trustee and the Manager deem appropriate from time to time.

The above is a summary of the key provisions of the Trust Deed with regard to how the various assets of the Sub-Fund are valued.

To the extent that the valuation or accounting basis adopted by the Sub-Fund deviates from IFRS, the Manager may make necessary adjustments in the annual financial statements to comply with IFRS. Any such adjustments will be disclosed in the annual financial reports, including a reconciliation note to reconcile values arrived at by applying the Trust's valuation rules.

### **Suspension of the determinations of Net Asset Value**

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

- (a) there exists any state of affairs prohibiting the normal disposal and/or purchase of the investments of the Sub-Fund;
- (b) circumstances exist as a result of which, in the opinion of the Manager, it is not reasonably practicable to realise a substantial part of the Securities and/or Futures Contracts held or contracted for the account of the Sub-Fund or it is not possible to do so without seriously prejudicing the interest of Unitholders of Units of the Sub-Fund;
- (c) for any other reason the prices of investments of the Sub-Fund cannot, in the opinion of the Manager, reasonably, promptly and fairly be ascertained;
- (d) there is a breakdown in any of the means normally employed in determining the Net Asset Value of the Sub-Fund or the Net Asset Value per Unit of the relevant class or when for any other reason the value of any Securities and/or Futures Contracts or other property for the time being comprised in the Sub-Fund cannot, in the opinion of the Manager, reasonably, promptly and fairly be ascertained;
- (e) 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 Securities and/or Futures Contracts of the Sub-Fund or the subscription or redemption of Units of the Sub-Fund is delayed or cannot, in the opinion of the Manager, be carried out promptly or at normal rates of exchange; or
- (f) the business operations of the Manager, the Trustee or any delegate of the Manager or the Trustee in respect of the Sub-Fund are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riot, strikes, or acts of God.

Any suspension shall take effect upon its declaration and thereafter there shall be no determination of the Net Asset Value of the Sub-Fund and the Manager shall be under no obligation to rebalance the Sub-Fund until the suspension is terminated on the earlier of (i) the Manager declaring the suspension is at an end; and (ii) the first Dealing Day on which (1) the condition giving rise to the suspension shall have ceased to exist; and (2) no other condition under which suspension is authorised exists.

The Manager shall notify the SFC and publish a notice of suspension following the suspension, and at least once a month during the suspension, on its website at [www.chinaamc.com.hk](http://www.chinaamc.com.hk) or in such publications as it decides.

No Units will be issued or redeemed during any period of suspension of the Net Asset Value.

## FEES AND EXPENSES

*There are different levels of fees and expenses applicable to investing in the Sub-Fund as set out below, current as at the date of this Prospectus. Investors should note that certain fees and expenses are applicable only to Listed Class of Units, and certain other fees and expenses are applicable only to Unlisted Class(es) of Units.*

### Fees and expenses payable in respect of the Listed Class of Units only

| <b>(a) Fees and expenses payable by Participating Dealers on creations and redemptions (as applicable) of Listed Class of Units (applicable both during the Initial Offer Period and After Listing)</b>                         | <b>Amount</b>   |
|---|---|
| Transaction Fee <sup>1</sup>  | RMB1,800 per Application  |
|   | <u>Plus</u>   |
|   | Service Agent's Fee   |
| Application cancellation fee  | RMB9,000 <sup>2</sup> per Application                           |
| Extension Fee   | RMB9,000 per Application  |
| Stamp duty  | Nil   |
| All other Duties and Charges incurred by the Trustee or the Manager in connection with the creation or redemption   | As applicable   |
| <br>  |   |
| <b>(b) Fees and expenses payable by investors of Listed Class of Units</b>  | <b>Amount</b>   |
| <br>  |   |
| <b><i>(i) Fees payable by clients of the Participating Dealers in respect of creations and redemptions (as applicable) via the Participating Dealer (applicable both during the Initial Offer Period and After Listing)</i></b> |   |
| Fees and charges imposed by the Participating Dealer <sup>3</sup>   | Such amounts as determined by the relevant Participating Dealer |

<sup>1</sup> The Transaction Fee comprises two components: (a) RMB1,800 per Application payable for the benefit of the Trustee and/or Registrar; and (b) a Service Agent's Fee of HKD1,000 payable by a Participating Dealer to the Service Agent for each book-entry deposit or book-entry withdrawal transaction plus a monthly reconciliation fee payable by the Manager. A Participating Dealer may pass on to the relevant investor such Transaction Fee.

<sup>2</sup> An application cancellation fee is payable to the Trustee for the account of the Registrar in respect of either a withdrawn or failed Creation Application or Redemption Application. A Participating Dealer may also be required to pay a Cancellation Compensation to the Trustee, for the account of the Sub-Fund, pursuant to the terms of the Operating Guidelines.

<sup>3</sup> The Participating Dealer may increase or waive the level of its fees in its discretion. Information regarding these fees and charges is available upon request to the relevant Participating Dealer.

***(ii) Fees payable by all investors in respect of dealings in the Listed Class of Units on SEHK (applicable After Listing)***

|                       |                       |
|-----------------------|-----------------------|
| Brokerage fee         | Market rates          |
| Transaction levy      | 0.0027% <sup>4</sup>  |
| AFRC transaction levy | 0.00015% <sup>5</sup> |
| SEHK trading fee      | 0.00565% <sup>6</sup> |
| Stamp duty            | Nil                   |

**Fees and expenses payable in respect of the Unlisted Class(es) of Units only**

The following fees and charges are payable by investors of Unlisted Class(es) of Units:

***Subscription fee***

Under the Trust Deed, the Manager is entitled to impose a subscription fee on the subscription of Unlisted Class(es) of Units of up to 5% of the subscription monies for the application for the issue of the Units.

The current subscription fee on the issue of Unlisted Class(es) of Units of the Sub-Fund is up to a maximum of 3% of the subscription monies.

The subscription fee is payable in addition to the Subscription Price per Unit. The Manager may, in its absolute discretion, waive or reduce the payment of all or any portion of the subscription fee (either in relation to the Sub-Fund or a particular class) of the Sub-Fund.

***Redemption fee***

Under the Trust Deed, the Manager is entitled to impose a redemption fee on the redemption of Unlisted Class(es) of Units of up to 5% of the redemption proceeds payable in respect of the Unlisted Class(es) of Units being redeemed.

No redemption fee is currently chargeable to the Sub-Fund.

***Switching fee***

Under the Trust Deed, the Manager is entitled to impose a switching fee on the switching of Unlisted Class(es) of Units of up to 5% of the redemption proceeds payable in respect of the Unlisted Class(es) of Units of the Existing Class (as defined below) being switched.

The switching fee is deducted from the amount realised from redemption of the Existing Class and retained by or paid to the Manager unless otherwise determined by the Manager. The Manager may, in its absolute discretion, waive or reduce the payment of all or any portion of the switching fee (either generally or in any particular case) of the Sub-Fund.

<sup>4</sup> Transaction levy, presently 0.0027% of the trading price of the Units, is payable by the buyer and the seller.

<sup>5</sup> AFRC transaction levy of 0.00015% of the trading price of the Units, payable by the buyer and the seller.

<sup>6</sup> Trading fee of 0.00565% of the trading price of the Units, payable by the buyer and the seller.

**Fees and expenses payable by the Sub-Fund (applicable to both Listed Class of Units and Unlisted Class(es) of Units)**

*Management fee*

The Manager is entitled to receive a management fee of up to the maximum of 1% per annum of the Net Asset Value of the Sub-Fund or the relevant Class. The management fee is accrued daily and calculated as at each Dealing Day and payable monthly in arrears.

The Manager may, at its sole discretion, pay a fee to any institutional investor, distributor or intermediaries of the Trust and the Sub-Fund out of the management fees it receives from the Trust and the Sub-Fund, to the extent permitted by applicable laws and regulations. A distributor may re-allocate an amount of the distribution fee to the sub-distributors.

*Listed Class of Units:* The current management fee percentage in respect of the Listed Class of Units is 0.2% per year of the Net Asset Value of the Class.

*Unlisted Classes of Units:* The current management fee percentage for the Unlisted Classes of Units are set out below:

| Fee                   | Annual rate (as a % of the Net Asset Value of the Class)  |   |   |                     |
|-----------------------|---|---|---|---------------------|
|                       | Class A Units (RMB) / Class A Units (HKD) / Class A Units (hedged HKD) / Class A Units (USD) / Class A Units (hedged USD) | Class F Units (RMB) / Class F Units (HKD) / Class F Units (hedged HKD) / Class F Units (USD) / Class F Units (hedged USD) | Class I Units (RMB) / Class I Units (HKD) / Class I Units (hedged HKD) / Class I Units (USD) / Class I Units (hedged USD) | Class S Units (RMB) |
| <b>Management fee</b> | 0.3% per annum  | 0.6% per annum  | 0.15% per annum   | Nil                 |

*Trustee's fee*

The Trustee is entitled to receive out of the assets of the Sub-Fund a trustee fee of up to 1.00% per year of the Net Asset Value of the Sub-Fund. The current Trustee's fee is 0.05% per annum, subject to a minimum fee of RMB18,000 per month, payable monthly in arrears, accrued daily and calculated as at each Dealing Day. The Trustee will bear the fees of the administrator. The Trustee's fee may be increased by agreement with the Manager up to the maximum on giving one month's notice to the Unitholders.

The Trustee shall also be entitled to be reimbursed out of the assets of the Sub-Fund all out-of-pocket expenses incurred.

*Performance fee*

No performance fee is chargeable to the Sub-Fund.

*Ongoing charges*

The ongoing charges figure of the Sub-Fund (or Classes(es) thereof) is the sum of anticipated charges to the Sub-Fund (or Class(es) thereof) expressed as a percentage of the Net Asset Value of the Sub-Fund as set out in the Product Key Facts Statement in respect of the Unlisted Class(es) of Units of the Sub-Fund.

The ongoing charges figure of the Sub-Fund is the sum of anticipated charges to the Sub-Fund expressed as a percentage of the Net Asset Value of the Sub-Fund as set out in the Product Key Facts Statement in respect of the Listed Class of Units of the Sub-Fund.

#### *Promotional expenses*

The Sub-Fund will not be responsible for any promotional expenses including those incurred by any marketing agents and any fees imposed by such marketing agents on their customers investing in the Sub-Fund will not be paid (either in whole or in part) out of the Trust Fund.

#### *Other expenses*

The Sub-Fund will bear all costs relating to investment of the Sub-Fund including but not limited to stamp and other duties, governmental charges, brokerages, commissions, exchange costs and commissions, bank charges and other costs and expenses payable in respect of the acquisition, holding and realisation of any investment or any monies, deposit or loan, charges and expenses of its legal counsel, auditors and other professionals, the costs in connection with maintaining a listing of the Units on the SEHK and maintaining the Trust's and the Sub-Fund's authorisation under the SFO, costs incurred in the preparation, printing and updating of any offering documents and the costs incurred in the preparation of supplemental deeds, any disbursements or out-of-pocket expenses properly incurred on behalf of the Sub-Fund by the Trustee, the Manager or the Registrar or any of its service providers, the expenses incurred in convening meetings of Unitholders, printing and distributing annual and half-yearly financial reports and other circulars relating to the Sub-Fund and the expenses of publishing Unit prices.

#### **Establishment costs**

The cost of establishing the Sub-Fund including the preparation of this Prospectus, inception fees, the costs of seeking and obtaining the listing and authorisation by the SFC and all initial legal and printing costs will be borne by the Sub-Fund and amortised over the first 5 financial years of the Sub-Fund or such other period as determined by the Manager after consulting the Auditor. Such establishment costs were approximately RMB 660,000. The attention of investors is drawn to the risk factor titled "Valuation and accounting risk".

#### **Increase in fees**

The current fees payable to the Manager and, where applicable, the Trustee, as described above may be increased (i) up to the maximum level set out in the Trust Deed, which will only be implemented after giving one month's notice to the Unitholders of the relevant Class; and (ii) beyond the maximum level, subject to approval by an extraordinary resolution of the Unitholders of the relevant Class.

**No money should be paid to any intermediary in Hong Kong which is not licensed or registered to carry on Type 1 regulated activity under Part V of the Securities and Futures Ordinance.**

## **RISK FACTORS**

*An investment in the Sub-Fund carries various risks. Each of these risks may affect the Net Asset Value, yield, total return and trading price of the Units. There can be no assurance that the investment objective of the Sub-Fund will be achieved. Prospective investors should carefully evaluate the merits and risks of an investment in the Sub-Fund in the context of their overall financial circumstances, knowledge and experience as an investor. The risk factors set forth below are the risks which are believed by the Manager and its directors to be relevant and presently applicable to the Sub-Fund.*

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

### **Investment risks**

#### *General investment risk*

The Sub-Fund's investment portfolio may fall in value due to any of the risk factors relevant to the Sub-Fund. Investors may suffer losses as a result.

Investors should be aware that investment in the Sub-Fund is subject to normal market fluctuations and other risks inherent in the underlying assets into which the Sub-Fund may invest.

There can be no assurance that any appreciation in value of investments will occur. There is no guarantee of repayment of principal.

#### *Active investment management risk*

The Manager employs an actively managed investment strategy for the Sub-Fund. The Sub-Fund does not seek to track any index or benchmark, and there is no replication or representative sampling conducted by the Manager. Instead, investments of the Sub-Fund will be based on the Manager's view of market conditions and international investment trends and environment. The Sub-Fund may fail to meet its objective as a result of the Manager's selection of investments for the Sub-Fund, and/or the implementation of processes which may cause the Sub-Fund to underperform as compared to prevailing money market rates or other money market funds with a similar objective.

Whilst it is the intention of the Manager to implement strategies which are designed to achieve the investment objective, there can be no assurance that these strategies will be successful. The Manager may not be successful in selecting the best-performing instruments or investment techniques. Accordingly, there is a risk that investors may not recoup the original amount invested in the Sub-Fund or may lose a substantial part or all of their initial investment.

#### *Securities risk*

The investments of the Sub-Fund are subject to risks inherent in all Securities (including settlement and counterparty risks). The value of holdings may fall as well as rise. The global markets are currently experiencing very high levels of volatility and instability, resulting in higher levels of risk than is customary (including settlement and counterparty risks).

#### *Investment objective risk*

There is no assurance that the investment objective of the Sub-Fund will be achieved. Whilst it is the intention of the Manager to implement strategies which are designed to achieve the investment objective of the Sub-Fund, there can be no assurance that these strategies will be

successful. It is possible that you as an investor may lose a substantial proportion or all of your investment in the Sub-Fund. As a result, each investor should carefully consider whether you can afford to bear the risks of investing in the Sub-Fund.

#### *Market risk*

The Net Asset Value of the Sub-Fund will change with changes in the market value of the Securities and/or Futures Contracts it holds. The price of Units and the income from them 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 capital return and income of the Sub-Fund is based on the capital appreciation and income on the Securities and/or Futures Contracts it holds, less expenses incurred. The Sub-Fund's return may fluctuate in response to changes in such capital appreciation or income. Investors in the Sub-Fund are exposed to the same risks that investors who invest directly in the underlying Securities and/or Futures Contracts would face. These risks include, for example, interest rate risks (risks of falling portfolio values in a rising interest rate market); income risks (risks of falling incomes from a portfolio in a falling interest rate market); and credit risk (risk of a default by the underlying issuer of a Security in the portfolio of the Sub-Fund).

#### *Asset class risk*

Although the Manager is responsible for the continuous supervision of the investment portfolio of the Sub-Fund, the returns from the types of Securities and/or Futures Contracts in which the Sub-Fund invests may underperform or outperform returns from other Securities and/or Futures Contracts markets or from investment in other assets. Different types of Securities and/or Futures Contracts tend to go through cycles of out-performance and underperformance when compared with other general Securities and/or Futures Contracts markets.

#### *Possible business failure risk*

In the current economic environment, global markets are experiencing very high level of volatility and an increased risk of corporate failures. The insolvency or other corporate failures of any one or more of the companies in which the Sub-Fund invests may have an adverse effect on the Sub-Fund's performance. You may lose money by investing in the Sub-Fund.

#### *Management risk*

This is the risk that the Manager's strategy, the implementation of which is subject to a number of constraints, may not produce the intended results. In addition, the Manager has absolute discretion to exercise Unitholders' rights with respect to Securities and/or Futures Contracts comprising the Sub-Fund. There can be no guarantee that the exercise of such discretion will result in the investment objective of the Sub-Fund being achieved.

#### *Mainland China concentration risk*

The Sub-Fund may be subject to concentration risk as a result of having a strategy which concentrates in a particular market or region, such as Greater China. The Net Asset Value of the Sub-Fund is therefore likely to be more volatile than a broad-based fund, such as a global or regional fund, as the Securities is more susceptible to fluctuations in value resulting from adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the Greater China region.

#### *All investments risk loss of capital risk*

There is no guarantee that the Sub-Fund's investments will be successful. In addition, trading errors are an intrinsic factor in any complex investment process, and will occur, notwithstanding the execution of due care and special procedures designed to prevent such errors.

### *Operating issues risk*

The level of fees, taxes and expenses payable by the Sub-Fund will fluctuate in relation to the Net Asset Value. Although the amounts of certain ordinary expenses of the Sub-Fund can be estimated, the growth rate of the Sub-Fund, and hence its Net Asset Value, cannot be anticipated. Accordingly, no assurance can be given as to the performance of the Sub-Fund or the actual level of its expenses.

### *Counterparty risk to custodian risk*

The Sub-Fund will be exposed to the credit risk of any custodian or any depository used by the custodian where cash is held by the custodian or other depositaries. In the event of the insolvency of the custodian or other depositaries, the Sub-Fund will be treated as a general creditor of the custodian or other depositaries in relation to cash holdings of the Sub-Fund. The Sub-Fund's Securities are however maintained by the custodian or other depositaries in segregated accounts and should be protected in the event of insolvency of the custodian or other depositaries.

### *Indemnity risk*

Under the Trust Deed, the Trustee and the Manager have the right to be indemnified against any liability in performing their respective duties except as a result of their respective own breach of trust through fraud or negligence or any liability to Unitholders which by virtue of any Hong Kong rule of law would attach to them in relation to their duties. Any reliance by the Trustee or the Manager on the right of indemnity would reduce the assets of the Sub-Fund and the value of the Units.

### *Possible early termination of the Sub-Fund risk*

The Sub-Fund may be terminated early under certain circumstances, including but not limited to (i) the aggregate Net Asset Value of all the Units is less than HKD150 million or (ii) any law is passed or amended or regulatory directive or order is imposed which renders it illegal or in the opinion of the Manager, impracticable or inadvisable to continue the Sub-Fund or (iii) within a reasonable time and using commercially reasonable endeavours, the Manager is unable to find a person acceptable to act as the new trustee after deciding to remove the Trustee in accordance with the Trust Deed or (iv) if the Listed Class of Units are no longer listed on the SEHK or any other Recognised Stock Exchange or (v) at any time, the Sub-Fund ceases to have any Participating Dealer or (vi) the Manager is unable to implement its investment strategy in respect of the Sub-Fund. Upon the Sub-Fund being terminated, the Trustee will distribute the net cash proceeds (if any) derived from the realisation of the investments comprised in the Sub-Fund to the Unitholders in accordance with the Trust Deed. Any such amount distributed may be less than the capital invested by the Unitholder. In that event, a Unitholder may suffer a loss.

### *Securities lending transactions risk*

Counterparty risk – The borrower may fail to return the securities lent out in a timely manner or at all. The Sub-Fund may as a result suffer from a loss or delay when recovering the securities lent out. This may restrict the Sub-Fund's ability in meeting delivery or payment obligations from redemption requests.

Collateral risk – As part of the securities lending transactions, the Sub-Fund must receive at least 100% of the valuation of the securities lent as collateral marked-to-market on a daily basis. However, there is a risk of shortfall of collateral value due to inaccurate pricing of the collateral, adverse market movements in the collateral value, change of value of securities lent. This may cause significant losses to the Sub-Fund if the borrower fails to return the securities lent out. The Sub-Fund may also be subject to liquidity and custody risk of the collateral, as well as legal risk of enforcement.

Operational risk – By undertaking securities lending transactions, the Sub-Fund is exposed to operational risks such as delay or failure of settlement. Such delays and failure may restrict the Sub-Fund's ability in meeting delivery or payment obligations from redemption requests.



### *Risks relating to sale and repurchase transactions*

In the event of the failure of the counterparty with which collateral has been placed, the 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*

In the event of the failure of the counterparty with which cash has been placed, the 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.

### *Borrowing risk*

The Trustee, at the request of the Manager, may borrow for the account of the Sub-Fund (up to 10% of the total Net Asset Value of the Sub-Fund) for the purpose of meeting redemption requests or defraying operating expenses. Borrowing involves an increased degree of financial risk and may increase the exposure of the 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 Sub-Fund will be able to borrow on favourable terms, or that the Sub-Fund's indebtedness will be accessible or be able to be refinanced by the Sub-Fund at any time.

### *Risks of investing in FDIs*

The Sub-Fund may from time to time utilise financial derivative instruments for hedging purposes. The use of derivatives exposes the Sub-Fund to additional risks, including: (a) volatility risk (derivatives can be highly volatile and expose investors to a high risk of loss); (b) leverage risk (as the low initial margin deposits normally required to establish a position in derivatives permits a high degree of leverage, there is risk that a relatively small movement in the price of a contract could result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin); (c) liquidity risk (daily limits on price fluctuations and speculative position limits on exchanges may prevent prompt liquidation of derivatives and transactions in over-the-counter derivatives may involve additional risk as there is no exchange market on which to close out an open position); (d) correlation risk (when used for hedging purposes there may be an imperfect correlation between the derivatives and the investments or market sectors being hedged); (e) counterparty risk (the Sub-Fund is exposed to the risk of loss resulting from a counterparty's failure to meet its financial obligations); (f) valuation risks (the pricing relationships between derivatives and the underlying instruments on which they are based may not conform to anticipated or historical correlation patterns; it may also be difficult to value derivatives, especially over-the-counter derivatives, so their prices may be volatile); (g) legal risks (the characterisation of a transaction or a party's legal capacity to enter into it could render the derivative contract unenforceable, and the insolvency or bankruptcy of a counterparty could pre-empt otherwise enforceable contract rights); and (h) settlement risk (the risk faced when one party to a transaction has performed its obligations under a contract but has not yet received value from its counterparty).

The eventuation of any of the above risks could have an adverse effect on the Net Asset Value of the Sub-Fund which uses financial derivative instruments. There is also no guarantee that the use of financial derivatives instruments for hedging purposes will be effective and the Sub-Fund may therefore be subject to substantial loss.

### *Risks associated with urban investment bonds*

Urban investment bonds are issued by LGFVs, such bonds are typically not guaranteed by local governments or the central government of Mainland China. In the event that the LGFVs default on payment of principal or interest of the urban investment bonds, the Sub-Fund could suffer substantial loss and the Net Asset Value of the Sub-Fund could be adversely affected.

### *Risks relating to bank deposits*

Bank deposits are subject to the credit risks of the relevant financial institutions. The Sub-Fund may place deposits in free trade non-resident account (FTN), as well as non-resident accounts (NRA) and offshore accounts (OSA) with banks in Mainland China. The Sub-Fund's deposit may not be protected by any deposit protection schemes, or the value of the protection under the deposit protection schemes may not cover the full amount deposited by the Sub-Fund. Therefore, if the relevant financial institution defaults, the Sub-Fund may suffer losses as a result.

### *Risk associated with investing in other collective investment schemes/funds*

The underlying fund in which the Sub-Fund may invest may not be regulated by the SFC. There will be additional costs involved when investing into these underlying funds. There is also no guarantee that the underlying funds will always have sufficient liquidity to meet the Sub-Fund's redemption requests as and when made. There can also be no assurance that an underlying fund's investment strategy will be successful or that its investment objective will be achieved.

Conflicts of interests may arise in a situation where the Sub-Fund invests in other funds managed by the Manager or its Connected Persons (despite that all initial charges and, where the underlying fund is managed by the Manager, all management fees and performance fees on the underlying fund will be waived). The Manager will use its best endeavours to avoid and resolve such conflicts fairly.

### *Risks associated with tokenised investments*

Tokenised investments that the Sub-Fund may invest in are subject to ownership risks, including, but not limited to, the loss or theft of any private keys associated with such tokenised investments and unauthorised alteration of related blockchain networks. The use of blockchain technology associated with the tokenised investments is relatively new and therefore subject to various technology risks and regulatory risks, including, but not limited to, forks/splits, network outages and delays, cybersecurity threats, undiscovered technical flaws, and unpredictable regulatory changes and actions. There can be no assurance that a public active trading market for the tokenised investments will be established, developed or maintained. The aforementioned risks may adversely impact the Sub-Fund which may invest in tokenised investments.

### *Hedged HKD and USD traded Unlisted Class(es) of Units risk (applicable to Unlisted Class(es) of Units only)*

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

Hedged HKD and USD traded Classes will hedge the Sub-Fund's Base Currency back to HKD or USD (as the case may be), on a best effort basis, with an objective to align the performance of the hedged HKD and USD traded Classes to that of the equivalent Class traded in the Sub-Fund's Base Currency. This strategy may preclude the hedged HKD and USD traded Classes from benefiting from any potential gain resulting from the appreciation of the Base Currency against HKD or USD (as the case may be). Please also refer to the risk factor headed "Hedging risk" below.

### *Hedging risk*

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

#### *Government intervention and restriction risk*

Governments and regulators may intervene in the financial markets, such as by the imposition of trading restrictions, a ban on short selling or the suspension of short selling for certain stocks. This may affect the operation and market making activities of the Sub-Fund, and may have an unpredictable impact on the Sub-Fund, including increasing or decreasing the level of premium or discount of the Unit price to Net Asset Value. Furthermore, such market interventions may have a negative impact on the market sentiment which may in turn affect the performance of the Sub-Fund.

#### *No right to control the Sub-Fund's operation risk*

Investors will have no right to control the daily operations, including investment and redemption decisions, of the Sub-Fund.

#### *Reliance on the Manager risk*

Unitholders must rely upon the Manager in formulating the investment strategies and the performance of the Sub-Fund is largely dependent on the services and skills of its officers and employees. In the case of loss of service of the Manager or any of its key personnel, as well as any significant interruption of the Manager's business operations or in the extreme case of the insolvency of the Manager, the Trustee may not find successor managers with the requisite skills and qualifications quickly (or at all) and the new appointment may not be on equivalent terms or of similar quality. Therefore, the occurrence of those events could cause a deterioration in the Sub-Fund's performance and investors may lose money in those circumstances.

#### *Large redemptions risk*

If significant redemptions of Units are requested by the Participating Dealers in respect of Listed Class of Units or by Unitholders of Unlisted Class(es) of Units, it may not be possible to liquidate the Sub-Fund's investments at the time such redemptions are requested or the Manager may be able to do so only at prices which the Manager believes does not reflect the true value of such investments, resulting in an adverse effect on the return to investors. Where significant redemptions of Units are requested by the Participating Dealers (for Listed Class of Units) or Unitholders of Unlisted Class(es) of Units, the right of Participating Dealers or Unitholders (as the case may be) to require redemptions in excess of 10% of the total Net Asset Value (both Listed Class and Unlisted Class(es) of Units) in the Sub-Fund then in issue (or such higher percentage as the Manager may determine) may be deferred, or the period for the payment of redemption proceeds may be extended. In addition, the Manager may also in certain circumstances suspend the determination of the Net Asset Value of the Sub-Fund for the whole or any part of any period. Please see the section headed "Determination of Net Asset Value" for further details.

### **Risks relating to fixed income and debt instruments**

#### *Short-term fixed income instruments risk*

As the Sub-Fund invests substantially in short-term fixed income and debt instruments with short maturities, 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 fixed income and debt instruments may also increase which in turn may have a negative impact on the Net Asset Value of the Sub-Fund. The Sub-Fund's underlying fixed income and debt instruments may become more illiquid when nearing maturity. It therefore may be more difficult to achieve fair valuation in the market.

#### *Credit / counterparty risk*

Investment in fixed income and debt instruments is subject to the credit risk of the issuers which may be unable or unwilling to make timely payments of principal and/or interest, and the value of the Sub-Fund is affected by the credit worthiness of its underlying investments. In the event of a default or credit rating downgrading of the fixed income and debt instruments (or the issuers thereof) held by the Sub-Fund, valuation of the Sub-Fund's portfolio may become more difficult, the Sub-Fund's value will be adversely affected and investors may suffer a substantial loss as a result. The Sub-Fund may also encounter difficulties or delays in enforcing its rights against the issuers who may be incorporated in countries/regions other than Hong Kong and therefore not subject to the laws of Hong Kong.

Fixed income and debt instruments are offered on an unsecured basis without collateral, and will rank equally with other unsecured debts 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 fixed income and debt instruments only after all secured claims have been satisfied in full. The Sub-Fund is therefore fully exposed to the credit/insolvency risk of its counterparties as an unsecured creditor.

#### *Volatility and liquidity risk*

The fixed income and debt instruments in the Greater China markets (in particular Mainland China and Taiwan) may be subject to higher volatility and lower liquidity compared to more developed markets. The prices of securities traded in such markets may be subject to fluctuations. The bid and offer spreads of the price of such securities may be large and the Sub-Fund may incur significant trading costs.

#### *Interest rate risk*

The Sub-Fund's investments in fixed income and debt instruments are subject to interest rate risk. Generally, the value of fixed income and debt instruments is expected to be inversely correlated with changes in interest rates. As interest rates rise, the market value of fixed income and debt instruments tends to decrease. Long-term fixed income and debt instruments in general are subject to higher sensitivity to interest rate changes than short-term fixed income and debt instruments. Any increase in interest rates may adversely impact the value of the Sub-Fund's portfolio.

As the Sub-Fund may invests in Mainland China markets debt, the Sub-Fund is additionally subject to policy risk as changes in macro-economic policies an emerging market country/region (including monetary policy and fiscal policy) may have an influence over such country/region's capital markets and affect the pricing of the bonds in the Sub-Fund's portfolio, which may in turn adversely affect the return of the Sub-Fund.

#### *Credit rating risk*

Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times.

#### *Credit rating agency risk*

In respect of investments in onshore China fixed income and debt instruments, the credit appraisal system in Mainland China and the rating methodologies employed in Mainland China may be different from those employed in other markets. Credit ratings given by Mainland China rating agencies may therefore not be directly comparable with those given by other international rating agencies.

#### *Risk of credit rating downgrades*

Changing market conditions or other significant events, such as credit rating downgrades affecting issuers or major financial institutions, may also subject the Sub-Fund to increased liquidity risk as it may become more difficult for the Sub-Fund to dispose of its holdings of bonds at a reasonable price or at all, which would have an adverse impact on the value and performance of the Sub-Fund.

The Manager may or may not be able to dispose of the fixed income and debt instruments that are being downgraded.

#### *Valuation risk*

Valuation of the 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 need to be adjusted and may be adversely affected. The value of fixed income and debt instruments may be affected by changing market conditions or other significant events affecting valuation. For example, in the event of the credit rating downgrade of an issuer, the value of the relevant fixed income and debt instrument may decline rapidly, and the value of the Sub-Fund may be adversely affected.

#### *Operational and Settlement risk*

The Sub-Fund is subject to operational risks that may arise from any breaches by the Manager's investment management staff of operational policies or technical failures of the Manager's communication and trading systems. Whilst the Manager has in place internal control systems, operational guidelines and contingency procedures to reduce the chances of such operational risks, there is no guarantee events beyond the Manager's control (such as unauthorised trading, trading errors or system errors) will not occur. The occurrence of any such events may adversely affect the value of the Sub-Fund.

To the extent that the Sub-Fund transacts in the inter-bank bond market in Mainland China, the Sub-Fund may also be exposed to risks associated with settlement procedures and default of counterparties. If counterparty defaults in delivering the securities, the trade may be cancelled and this may adversely affect the value of the Sub-Fund. Any transaction via exchange markets may also be subject to settlement delays. Please also refer to "Risks associated with PRC onshore bonds – Settlement risk" below for further details.

#### *Sovereign debt obligations*

By investing in debt obligations issued or guaranteed by governmental entities, the Sub-Fund will be exposed to the direct or indirect consequences of political, social and economic changes in various countries and regions. In adverse situations, the sovereign issuers may not be able or willing to repay the principal and/or interest when due or may request the Sub-Fund to participate in restructuring such debts. The Sub-Fund may suffer significant losses when there is a default of sovereign debt issuers.

Political changes in a particular country/region may affect the willingness of a particular government to make or provide for timely payments of its debt obligations. The country/region's economic status, as reflected, among other things, in its inflation rate, the amount of its external debt and its gross domestic product, will also affect the government's ability to honour its obligations.

The ability of governments to make timely payments on their debt obligations is likely to be influenced strongly by the issuer's balance of payments, including export performance, and its access to international credits and investments. To the extent that a particular country/region receives payment for its exports in currencies other than the currency of the relevant debt obligation, such country/region's ability to make debt payments in the currency of the relevant debt obligation could be adversely affected. To the extent that a particular country/region develops a trade deficit, such country/region will need to depend on continuing loans from foreign governments, supranational entities or private commercial banks, aid payments from foreign governments and on inflows of foreign investment. The access of a particular country/region to these forms of external funding may not be certain, and a withdrawal of external funding could adversely affect the capacity of such country/region to make payments on its debt obligations. In addition, the cost of servicing debt obligations can be affected by a change in global interest rates since the majority of these debt obligations carry interest rates that are adjusted periodically based upon global rates.

The Sub-Fund's portfolio may comprise debt obligations of governmental entities and supranational entities, for which a limited or no established secondary market exists. Reduced secondary market liquidity may have an adverse effect on the market price and the Sub-Fund's ability to dispose of particular instruments when necessary to meet liquidity requirements or in response to specific economic events such as deterioration in the creditworthiness of the issuer. Reduced secondary market liquidity for such debt obligations may also make it more difficult to obtain accurate market quotations for the purpose of determining the Net Asset Value of the Sub-Fund. Market quotations are generally available on many sovereign debt obligations only from a limited number of dealers and may not necessarily represent firm bids of those dealers or prices for actual sales.

The holder of certain sovereign debt obligations may have limited legal recourse in the event of a default with respect to such obligations. For example, remedies from defaults on certain debt obligations of governmental entities, unlike those on private debt, must, in some cases, be pursued in the courts of the defaulting party itself. Legal recourse therefore may be significantly diminished. Bankruptcy, moratorium and other similar laws applicable to issuers of sovereign debt obligations may be substantially different from those applicable to issuers of private debt obligations. The political context, expressed as the willingness of an issuer of sovereign debt obligations to meet the terms of the debt obligation, for example, is of considerable importance.

In addition, investment in debt obligations of supranational entities is subject to the additional risk that one or more member governments may fail to make required capital contributions to a particular supranational entity and, as a result, such supranational entity may be unable to meet its obligations with respect to its debt obligations.

#### *Corporate debt obligations*

Investment in debt obligations issued by companies and other entities, is subject to the risk that a particular issuer may not fulfil its payment or other obligations in respect of such debt obligations. Additionally, an issuer may experience an adverse change in its financial condition which may in turn result in a decrease in the credit rating assigned to such issuer and its debt obligations, possibly below investment grade. Such adverse change in financial condition or decrease in credit rating(s) may result in increased volatility in the price of an issuer's debt obligations and negatively affect liquidity, making any such debt obligation more difficult to sell.

### **Risks associated with PRC onshore bonds**

#### *Risks associated with Mainland inter-bank bond market*

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

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

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

Investing in the Mainland inter-bank bond market via Foreign Access Regime is also subject to regulatory risks. The relevant rules and regulations on these regimes are subject to change which may have potential retrospective effect. In the event that the relevant Mainland Chinese authorities

suspend account opening or trading on the Mainland inter-bank bond market, the Sub-Fund's ability to invest in the Mainland inter-bank bond market will be adversely affected. In such event, the Sub-Fund's ability to achieve its investment objective will be negatively affected.

In addition, there is no specific guidance by the Mainland tax authorities on the treatment of income tax and other tax categories payable in respect of trading in Mainland inter-bank bond market by foreign institutional investors via the Foreign Access Regime. By investing in the Mainland inter-bank bond market, the Sub-Fund may be at risk of being subject to Mainland Chinese taxes. There is a possibility that the current tax laws, rules, regulations and practice in Mainland China and/or the current interpretation or understanding thereof may change in the future and such change(s) may have retrospective effect. The Sub-Fund could become subject to additional taxation that is not anticipated as at the date hereof or when the relevant investments are made, valued or disposed of. Any of those changes may reduce the income from, and/or the value of, the relevant investments in the Sub-Fund.

#### *Bond Connect risk*

The relevant rules and regulations on Bond Connect are subject to change which may have potential retrospective effect. Where a suspension in the trading through Bond Connect is effected, the Sub-Fund's ability to invest in or access the Mainland China market will be adversely affected. In such event, the Sub-Fund will have to increase its reliance on the QFI regime or Foreign Access Regime, and its ability to achieve its investment objective could be negatively affected.

#### *"Dim Sum" bond market risk*

"Dim Sum" bonds are bonds which are issued outside of Mainland China but denominated in RMB. 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 the Sub-Fund should there be any promulgation of new rules which limit or restrict the ability of issuers to raise RMB by way of bond issuances and/or reversal or suspension of the liberalisation of the offshore RMB (CNH) market by the relevant regulator(s).

#### *Mainland China sovereign debt risk*

The Sub-Fund's investments may include sovereign debt instruments and such investments involve special risks. The Chinese governmental entity that controls the repayment of sovereign debt may not be able or willing to repay the principal and/or interest when due in accordance with the terms of such debt. A Chinese governmental entity's willingness or ability 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, the relative size of the debt service burden to the economy as a whole, the Chinese governmental entity's policy towards the International Monetary Fund and the political constraints to which a governmental entity may be subject. Chinese governmental entities may also be dependent on expected disbursements from foreign governments, multilateral agencies and others abroad to reduce principal and interest arrearage on their debt. The commitment on the part of these governments, agencies and others to make such disbursements may be conditioned on a Chinese governmental entity's implementation of economic reforms and/or economic performance and the timely service of such debtor's obligations. Failure to implement such reforms, achieve such levels of economic performance or repay principal or interest when due may result in the cancellation of such third parties' commitments to lend funds to the Chinese governmental entity, which may further impair such debtor's ability or willingness to service its debt on a timely basis. Consequently, governmental entities may default on their sovereign debt. Holders of Mainland China sovereign debt, including the Sub-Fund, may be requested to participate in the rescheduling of such debt and to extend further loans to governmental entities. As at the date of this Prospectus, there is no bankruptcy proceeding by which sovereign debt on which a Chinese governmental entity has defaulted may be collected in whole or in part. The Sub-Fund's recourse against a defaulting sovereign is limited.

In addition, a lowering of the credit rating of the Chinese government may also affect the liquidity of its sovereign debt instruments, making it more difficult to sell. In general, fixed income instruments that have a lower credit rating or that are non-rated will be more susceptible to the credit risk of the issuers. In the event of a credit rating downgrade of the Chinese government, the Sub-Fund's value will be adversely affected and investors may suffer a substantial loss as a result.

#### *Settlement risk*

Settlement procedures in Mainland China are less developed and less reliable and may involve the Sub-Fund's delivery of securities, or transfer of title to securities, before receipt of payment for their sale. The Sub-Fund may be subject to a risk of substantial loss if a securities firm defaults in the performance of its responsibilities. The Sub-Fund may incur substantial losses if its counterparty fails to pay for securities the Sub-Fund has delivered, or for any reason fails to complete its contractual obligations owed to the 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 the Sub-Fund if investment opportunities are missed or if the Sub-Fund is unable to acquire or dispose of a security as a result.

To the extent that the Sub-Fund transacts in the inter-bank bond market in Mainland China, the Sub-Fund may also be exposed to risks associated with settlement procedures and default of counterparties. All trades settled through CSDCC are on delivery versus payment basis. If a counterparty defaults in delivering the securities, the trade may be cancelled and this may adversely affect the value of the Sub-Fund.

The Sub-Fund may invest in the Chinese bond market via the exchange market and all bond trades will be settled through the CSDCC. If a counterparty defaults in payment or delivery obligation, a trade may be delayed and this may adversely affect the value of the Sub-Fund.

#### **QFI regime related risks**

##### *QFI system risk*

The rules regulating investments by QFIs in Mainland China and the repatriation of capital out of Mainland China are relatively new, and as such their application and interpretation are relatively untested and there is no certainty as to how they will be applied by the relevant Mainland China authorities in any given situation. Any change to the QFI systems may adversely affect the value of the Sub-Fund's investments. In addition, the Sub-Fund is exposed to the credit risk of the relevant onshore Mainland China custodians and brokers, and a default of any such Mainland China custodian or broker may cause significant losses.

##### *QFI regulation/status risk*

Changes to the foreign investment regulation in Mainland China may be made at any time by the CSRC and the SAFE, and such changes may have a detrimental impact on the ability of the Sub-Fund to achieve its investment objective. There can be no assurance that the QFI status of the Manager will not be suspended or revoked. Such event may hinder the ability of the Sub-Fund to invest in onshore Mainland China instruments, which may in turn affect the Sub-Fund's ability to achieve its investment objective. Changes of the relevant rules may have potential retrospective effect, which may affect the Sub-Fund's ability to acquire securities in Mainland China via the QFI regime.

There can be no assurance that the QFI status of the Manager will not be suspended, revoked or invalidated. Such event may lead to substantial loss in the Sub-Fund as it may affect the implementation of the investment strategy of the Sub-Fund.

##### *Repatriation risk*

There is no assurance that Mainland China rules and regulations in relation to repatriation of funds



invested via QFI will not change or that repatriation restrictions will not be imposed in the future. Any new restrictions on repatriation of the invested capital and net profits may impact on the Sub-Fund's ability to meet redemption requests.

### **Risks associated with market trading (applicable to Listed Class of Units only)**

#### *Absence of active market risk*

Although the Listed Class of Units of the Sub-Fund are listed for trading on the SEHK, there can be no assurance that an active trading market for such Units will develop or be maintained. In addition, if the underlying Securities and/or Futures Contracts have limited trading markets, or if the spreads are wide, this may adversely affect the price of the Listed Class of Units and the ability of an investor to dispose of his, her or its Listed Class of Units at the desired price. If an investor needs to sell his, her or its Listed Class of Units at a time when no active market for them exists, the price received for the Units – assuming an investor is able to sell them – is likely to be lower than the price received if an active market did exist.

#### *Liquidity risk*

Following listing on the SEHK, it is unlikely that the Listed Class of Units will initially be widely held. Accordingly, any investor buying Listed Class of Units in small numbers may not necessarily be able to find other buyers should that investor wish to sell. To address this risk, one or more Market Makers have been appointed.

In addition, as RMB counter Units are traded in RMB, such Listed Class of Units may be inherently less liquid than other Securities which are listed on the SEHK, including other ETFs, due to the relatively limited supply of RMB (CNH) outside Mainland China as well as levels of demand for RMB cash and greater barriers for investors generally in trading RMB denominated SEHK listed products.

#### *No trading market in the Listed Class of Units risk*

Although the Listed Class of Units are listed on the SEHK and one or more Market Makers have been appointed, there may be no liquid trading market for the Listed Class of Units or that such Market Maker(s) may cease to fulfil that role. Further, there can be no assurance that Listed Class of Units will experience trading or pricing patterns similar to those of exchange traded funds which are issued by investment companies in other jurisdictions or those traded on the SEHK.

#### *Suspension of trading risk*

Investors and potential investors will not be able to buy, nor will investors be able to sell, Listed Class of Units on the SEHK during any period in which trading of the Listed Class of Units is suspended. The SEHK may suspend the trading of Listed Class of Units whenever the SEHK determines that it is appropriate and in the interest of a fair and orderly market to protect investors. The subscription and redemption of Units may also be suspended if the trading of Units is suspended.

#### *Listed Class of Units may trade at prices other than Net Asset Value risk*

Listed Class of Units may trade on the SEHK at prices above or below the most recent Net Asset Value. The Net Asset Value per Unit of the Sub-Fund is calculated at the end of each Dealing Day and fluctuates with changes in the market value of the Sub-Fund's holdings. The trading prices of the Listed Class of Units fluctuate continuously throughout the trading hours based on market supply and demand rather than Net Asset Value. The trading price of the Listed Class of Units may deviate significantly from Net Asset Value particularly during periods of market volatility. Any of these factors may lead to the Listed Class Units of the Sub-Fund trading at a premium or discount to the Net Asset Value. On the basis that Listed Class of Units can be created and redeemed in Application Unit Size at Net Asset Value, the Manager believes that large discounts or premiums

to Net Asset Value are not likely to be sustained over the long-term.

While the creation/redemption feature is designed to make it likely that the Listed Class of Units will normally trade at prices close to the Sub-Fund's next calculated Net Asset Value, trading prices are not expected to correlate exactly with the Sub-Fund's Net Asset Value attributable to the Listed Class of Units due to reasons relating to timing as well as market supply and demand factors. In addition, disruptions to creations and redemptions (for example, as a result of imposition of capital controls by a foreign government) or the existence of extreme market volatility may result in trading prices that differ significantly from Net Asset Value. In particular, if an investor purchases Listed Class of Units at a time when the market price is at a premium to Net Asset Value or sells when the market price is at a discount to Net Asset Value, then the investor may sustain losses.

The Manager cannot predict whether Listed Class of Units will trade below, at, or above their Net Asset Value. Since, however, Listed Class of Units must be created and redeemed in Application Unit Size at Net Asset Value (unlike units of many closed-end funds, which frequently trade at appreciable discounts from, and sometimes at premiums to, their Net Asset Value) the Manager believes that ordinarily large discounts or premiums to the Net Asset Value of Units should not be sustained. If the Manager suspends creations and/or redemptions of Listed Class of Units, the Manager anticipates that there may be larger discounts or premiums as between the secondary market price of Listed Class of Units and the Net Asset Value.

#### *Cost of trading Listed Class of Units risk*

As investors will pay certain charges (e.g. trading fees and brokerage fees) to buy or sell Listed Class of Units on the SEHK, investors may pay more than the Net Asset Value per Unit when buying Listed Class of Units on the SEHK, and may receive less than the Net Asset Value per Unit when selling Listed Class of Units on the SEHK. In addition, investors on the secondary market will also incur the cost of the trading spread, being the difference between what investors are willing to pay for the Listed Class of Units (bid price) and the price at which they are willing to sell Listed Class of Units (ask price). Frequent trading may detract significantly from investment results and an investment in Listed Class of Units may not be advisable particularly for investors who anticipate making small investments regularly.

#### *Restrictions on creation and redemption of Listed Class of Units risk*

Investors should note that an investment in the Listed Class of Units of the Sub-Fund is not like a typical retail investment fund offered to the public in Hong Kong (for which units or shares can generally be purchased and redeemed directly from the manager). Listed Class of Units of the Sub-Fund may only be created and redeemed in Application Unit Sizes directly by a Participating Dealer (either on its own account or on behalf of an investor through a stockbroker which has opened an account with the Participating Dealer). Other investors of Listed Class of Units may only make a request (and if such investor is a retail investor, through a stockbroker which has opened an account with a Participating Dealer) to create or redeem Listed Class of Units in Application Unit Sizes through a Participating Dealer which reserves the right to refuse to accept a request from an investor to create or redeem Listed Class of Units under certain circumstances. Alternatively, investors may realise the value of their Listed Class of Units by selling their Units through an intermediary such as a stockbroker on the SEHK, although there is a risk that dealings on the SEHK may be suspended. Please refer to the section headed "Creations and Redemptions (Primary Market)" in Schedule 2 for details in relation to the circumstances under which creation and redemption applications can be rejected.

#### *Secondary market trading risk*

Listed Class of Units in the Sub-Fund may trade on the SEHK when the Sub-Fund does not accept orders to subscribe or redeem Listed Class of Units. On such days, Listed Class of Units may trade in the secondary market with more significant premiums or discounts than might be experienced on days when the Sub-Fund accepts subscription and redemption orders.

### *Reliance on Market Makers risk*

Although it is a requirement that the Manager uses its best endeavours to put in place arrangements so that at least one Market Maker will maintain a market for the Listed Class of Units of the Sub-Fund, there may be circumstances such as the revocation of the relevant market making approvals or registration or other changes beyond the control of the Manager that may result in the sudden loss of a Market Maker for the Sub-Fund. There may also be less interest by potential Market Makers in making a market in RMB denominated or traded Listed Class of Units. Further, any disruption to the availability of RMB may adversely affect the capability of Market Makers in providing liquidity for RMB traded Listed Class of Units. It should be noted that liquidity in the market for the Listed Class of Units may be adversely affected if there is no market maker for the Sub-Fund or, where there is a Dual-Counter, if there is no market maker for any of the counters of the Sub-Fund. The Manager will seek to mitigate this risk by using its best endeavours to put in place arrangements so that at least one Market Maker for each counter of the Listed Class of Units of the Sub-Fund gives not less than 3 months' notice prior to terminating market making under the relevant market making agreements. It is possible that there is only one SEHK Market Maker to the Sub-Fund or to a counter of the Sub-Fund or the Manager may not be able to engage a substitute Market Maker within the termination notice period of a Market Maker. There is also no guarantee that any market making activity will be effective.

### *Reliance on Participating Dealers risk*

The creation and redemption of Listed Class of Units may only be effected through Participating Dealers. A Participating Dealer may charge a fee for providing this service. Participating Dealers will not be able to create or redeem Listed Class of Units during any period when, amongst other things, dealings on the SEHK are restricted or suspended, settlement or clearing of Securities through the CCASS is disrupted. In addition, Participating Dealers will not be able to issue or redeem Listed Class of Units if some other event occurs that impedes the calculation of the Net Asset Value of the Sub-Fund or disposal of the Sub-Fund's Securities and/or Futures Contracts cannot be effected. Where a Participating Dealer appoints an agent or delegate (who is a participant of CCASS) to perform certain CCASS-related functions, if the appointment is terminated and the Participating Dealer fails to appoint an alternative agent or delegate, or if the agent or delegate ceases to be a Participant, the creation or realisation of Listed Class of Units by such Participating Dealer may also be affected. Since the number of Participating Dealers at any given time will be limited, and there may even be only one Participating Dealer at any given time, there is a risk that investors may not always be able to create or redeem Listed Class of Units freely.

### *Trading time differences risk (if applicable)*

As a stock exchange or futures exchange may be opened when the Listed Class of Units are not priced, the value of any Security or Futures Contract which comprises the portfolio of the Sub-Fund may change when investors may not be able to buy or sell Listed Class of Units. Further the price of Securities or Futures Contracts may not be available during part of the trading day due to trading hour differences which may result in the trading price of Units deviating from the Net Asset Value per Unit. When trading Futures Contracts there may be a time difference between the trading times of the Futures Contracts and the underlying Securities. There may be imperfect correlation between the value of the Securities and the Futures Contracts, which may prevent the Sub-Fund from achieving its investment objective.

### *Listed Class of Units may be delisted from the SEHK risk*

The SEHK imposes certain requirements for the continued listing of Securities, including the Listed Class of Units, on the SEHK. Investors cannot be assured that the Sub-Fund will continue to meet the requirements necessary to maintain the listing of Listed Class of Units on the SEHK or that the SEHK will not change the listing requirements. If the Listed Class of Units of the Sub-Fund are delisted from the SEHK, Unitholders will have the option to redeem their Listed Class of Units by reference to the Net Asset Value of the Sub-Fund. Where the Sub-Fund remains authorised by the SFC, such procedures required by the Code will be observed by the Manager including as to notices

to Unitholders, withdrawal of authorisation and termination, as may be applicable. Should the SFC withdraw authorisation of the Sub-Fund for any reason it is likely that Listed Class of Units may also have to be delisted.

#### *Risks associated with Dual-Counter*

There is a risk that the market price on the SEHK of Listed Class of Units traded in one counter may deviate significantly from the market price on the SEHK of Listed Class of Units traded in another counter due to different factors such as market liquidity, supply or demand in each counter and the exchange rate fluctuations. The trading price of Listed Class of Units in each counter is determined by market forces and so will not be the same as the trading price of Listed Class of Units multiplied by the prevailing rate of foreign exchange. Accordingly, when selling Listed Class of Units traded in one counter, an investor may receive less or pay more than the equivalent amount in the currency of another counter if the trade of the relevant Listed Class of Units took place on another counter. There can be no assurance that the price of Listed Class of Units in each counter will be equivalent.

Investors without RMB accounts may buy and sell Listed Class of Units in HKD only. Such investors will not be able to buy or sell Listed Class of Units in RMB.

In June 2025, the HKEX has adopted a single International Securities Identification Number (“ISIN”) approach for multi-counter eligible securities. It is possible that some brokers and CCASS participants may not be familiar with this new model or may not be operationally ready, and as such may not be able to (i) buy Listed Class of Units in one counter and to sell Listed Class of Units in the other, or (ii) trade Listed Class of Units in both counters at the same time. This may result in potential settlement failure or delay. In such a case another broker or CCASS participant may need to be used. Accordingly, investors may only be able to trade their Listed Class of Units in one currency. Investors are recommended to check the readiness of their brokers in respect of the Dual-Counter trading and inter-counter trading.

#### **Risk associated with differences in trading, fee and cost arrangements between Listed Class and Unlisted Class(es) of Units**

The Sub-Fund is an exchange traded fund, which offers both Listed Class of Units and Unlisted Class(es) of Units. Dealing arrangements in respect of Listed Class of Units and Unlisted Class(es) of Units are different, and depending on market conditions, investors of the Listed Class of Units may be at an advantage compared to investors of the Unlisted Class(es) of Units, or vice versa. The Net Asset Value per Unit of each of the Listed Class of Units and Unlisted Class(es) of Units may also be different due to the different fees (such as the management fee) and costs applicable to each such class of Units.

In addition, investors should note that different cost mechanisms apply to Listed Class of Units and Unlisted Class(es) of Units. For Listed Class of Units, the Transaction Fee and Duties and Charges in respect of Creation and Redemption Applications are paid by the Participating Dealer applying for or redeeming such Units and/or the Manager. Investors of Listed Class of Units in the secondary market will not bear such Transaction Fees and Duties and Charges (but for the avoidance of doubt, may bear other fees, such as SEHK trading fees, as described under the section “Fees and Expenses”). On the other hand, the subscription and redemption of Unlisted Class(es) of Units may be subject to a subscription fee and redemption fee respectively, which will be payable to the Manager by the investor subscribing or redeeming. In addition, the Manager may, in its absolute discretion, in addition to the Subscription Price and/or Redemption Price, in certain circumstances, add or deduct an amount of Subscription Adjustment Allowance or Redemption Adjustment Allowance (as the case may be) it considers represents an appropriate provision for transactional fees or expenses which are customarily incurred by the Sub-Fund, and such additional amount will be paid to the Trustee and will form part of the assets of the Sub-Fund. Please refer to Schedule 3 for further information on Subscription Adjustment Allowance and Redemption Adjustment Allowance.

Any or all of these factors may lead to a difference in the Net Asset Value of the Listed Class of Units and Unlisted Class(es) of Units.

### *Trading arrangements in respect of Unlisted Class(es) of Units*

Unlike investors of Listed Class of Units who may buy and sell Units in the secondary market during SEHK trading hours, investors of Unlisted Class(es) of Units are only able to subscribe and redeem at the relevant Subscription Price and Redemption Price (as the case may be) based on the latest available Net Asset Value as at the end of each Dealing Day. As such, Unitholders of Listed Class of Units would have intra-day trading opportunities which will not be available to Unitholders of Unlisted Class(es) of Units. In a stressed market scenario, Unitholders of Listed Class of Units can sell their Units on the secondary market during SEHK trading hours if the market continues to deteriorate, while Unitholders of Unlisted Class(es) of Units will not be able to do.

### *Trading arrangements in respect of Listed Class of Units*

Conversely, secondary market investors generally do not have access to the redemption facilities which are available to investors of Unlisted Class(es) of Units. During stressed market conditions, Participating Dealers may, on their own account or on behalf of any primary market investors, redeem Listed Class of Units on the primary market at the Net Asset Value of the Sub-Fund, but the secondary market trading prices may have diverged from the corresponding Net Asset Value. In such circumstances, Unitholders of the Listed Class of Units in the secondary market will be at an apparent disadvantage to Unitholders of the Unlisted Class(es) of Units as the latter will be able to redeem from the Sub-Fund at Net Asset Value whilst the former will not.

Please also refer to “Risks associated with market trading (applicable to Listed Class of Units only)” above for additional risks relating to Listed Class of Units.

## **Risks associated with the RMB currency**

### *RMB currency risk*

The Base Currency of the Sub-Fund is RMB, and the Sub-Fund offers RMB traded Unlisted Class of Units. The RMB is not a freely convertible currency as it is subject to foreign exchange control policies and repatriation restrictions imposed by the Chinese government. Such government policies and restrictions are subject to change, and there can be no assurance that the RMB exchange rate will not fluctuate widely against the US dollar or any other foreign currency in the future.

Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against other currencies will not depreciate.

Any depreciation of RMB could adversely affect the value of investor’s investment in the Sub-Fund. In calculating the Net Asset Value per Unit of a Class denominated in RMB (if applicable) and in effecting any currency conversions involving RMB, the Manager may apply the CNH rate (i.e. the exchange rate for the offshore RMB market in Hong Kong). 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. Please also refer to “Offshore RMB (“CNH”) market risk” below for further details.

Under exceptional circumstances, payment of redemptions (for Unlisted Class(es) of Units or for primary market redemptions of Listed Class of Units) may be delayed due to the exchange controls and restrictions applicable to RMB.

Investors without RMB accounts should note that payment of redemptions are made in RMB only and as such may suffer a foreign exchange loss and incur fees and charges associated with the conversion of payment from RMB to HKD or any other currency to receive their redemption proceeds.

### *RMB trading and settlement of Listed Class of Units risk (applicable to the Listed Class of Units only)*

There is no assurance that there will not be problem with the systems for trading of RMB denominated Securities and settlement in RMB in Hong Kong or that other logistical problems will not arise. The trading of the RMB traded Listed Class of Units and settlement in RMB may not be capable of being implemented as envisaged. Investors should note that not all brokers may be ready and able to carry out trading of RMB traded Listed Class of Units and settlement in RMB and thus they may not be able to deal in the RMB traded Listed Class of Units through some brokers. Investors should check with their brokers in advance if they intend to engage Dual-Counter trading or in inter-counter trading and should fully understand the services which the relevant broker is able to provide (as well as any associated fees). Some exchange participants may not provide inter-counter trading or Dual-Counter trading services.

*Unavailability of the Renminbi Trading Support Facility (“TSF”) risk (applicable to the Listed Class of Units only)*

Investors should note that the TSF launched by HKEX is currently not made available for fixed income exchange traded funds. As such, if an investor does not have sufficient RMB, it will need to source RMB from other channels or it will only be able to buy Units through the HKD counter.

*Currency risk*

If the Sub-Fund’s assets are generally invested (either directly or indirectly) in Securities or Futures Contracts denominated other than in its Base Currency, and if a substantial portion of the revenue and income of the Sub-Fund is received in a currency other than its Base Currency, any fluctuation in the exchange rate of the Base Currency relative to the relevant foreign currency will affect the Net Asset Value of the Sub-Fund regardless of the performance of its underlying portfolio. If the Sub-Fund’s Net Asset Value is determined on the basis of RMB, an investor may lose money if he invests in the Sub-Fund if the local currency of a foreign market depreciates against RMB, even if the local currency value of the Sub-Fund’s holdings goes up.

*Exchange rates movement between the RMB and other currencies risk*

Investors in Unlisted Class(es) of Units or RMB traded Listed Class of Units whose assets and liabilities are predominantly in HKD or in currencies other than RMB should take into account the potential risk of loss arising from fluctuations in value between such currencies and RMB. There is no guarantee that RMB will appreciate in value against HKD or any other currency, or that the strength of RMB may not weaken. In such case an investor may enjoy a gain in RMB terms but suffer a loss when converting funds from RMB back into HKD (or any other currency).

*Offshore RMB (“CNH”) market risk*

The onshore RMB (“CNY”) is the only official currency of Mainland China and is used in all financial transactions between individuals, state and corporations in Mainland China. Hong Kong is the first jurisdiction to allow accumulation of RMB deposits outside Mainland China. Since June 2010, the offshore RMB (“CNH”) is traded officially, regulated jointly by the Hong Kong Monetary Authority (the “HKMA”) and the PBOC. While both CNY and CNH represent RMB, they are traded in different and separated markets. The two RMB markets operate independently where the flow between them is highly restricted. Although the CNH is a proxy of the CNY, they do not necessarily have the same exchange rate and their movement may not be in the same direction. This is because these currencies act in separate jurisdictions, which leads to separate supply and demand conditions for each, and therefore separate but related currency markets. Any divergence between CNH and CNY may adversely impact investors who intend to gain exposure to CNY through investments in the Sub-Fund.

The current size of RMB denominated financial assets outside Mainland China is limited. RMB business participating banks do not have direct RMB liquidity support from PBOC. The Renminbi Clearing Bank only has access to onshore liquidity support from PBOC (subject to annual and quarterly quotas imposed by PBOC) to square open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporations relating

to cross-border trade settlement. The Renminbi Clearing Bank is not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services and the participating banks will need to source RMB from the offshore market to square such open positions. Although it is expected that the offshore RMB market will continue to grow in depth and size, its growth is subject to many constraints as a result of Mainland China laws and regulations on foreign exchange. There is no assurance that new Mainland China regulations will not be promulgated or the relevant settlement agreements between Hong Kong banks and the PBOC will not be terminated or amended in the future which will have the effect of restricting availability of RMB offshore. To the extent the Manager is required to source RMB in the offshore market, there is no assurance that it will be able to source such RMB on satisfactory terms, if at all. Payment of redemptions (for Unlisted Class(es) of Units or for primary market redemptions of Listed Class of Units) may accordingly be delayed under exceptional circumstances.

## **Risks relating to Mainland China**

### *Mainland China economic, political and social conditions as well as government policies risks*

The economy of Mainland China, which has been in a state of transition from a planned economy to a more market oriented economy, differs from the economies of most developed countries in many respects, including the level of government involvement, its state of development, its growth rate, control of foreign exchange, and allocation of resources. Although the majority of productive assets in Mainland China are still owned by the Mainland Chinese government at various levels, in recent years, the Mainland Chinese government has implemented economic reform measures emphasising utilisation of market forces in the development of the economy of Mainland China and a high level of management autonomy. The economy of Mainland China has experienced significant growth in the past 20 years, but growth has been uneven both geographically and among various sectors of the economy. Economic growth has also been accompanied by periods of high inflation. Mainland China government has implemented various measures from time to time to control inflation and restrain the rate of economic growth.

For more than 20 years, Mainland China government has carried out economic reforms to achieve decentralisation and utilisation of market forces to develop the economy of Mainland China. These reforms have resulted in significant economic growth and social progress. There can, however, be no assurance that Mainland China government will continue to pursue such economic policies or, if it does, that those policies will continue to be successful. Any such adjustment and modification of those economic policies may have an adverse impact on the securities market in Mainland China as well as the underlying Securities of the Sub-Fund. Further, Mainland China government may from time to time adopt corrective measures to control the growth of Mainland China economy which may also have an adverse impact on the capital growth and performance of the Sub-Fund.

Political changes, social instability and adverse diplomatic developments in Mainland China could result in the imposition of additional government restrictions affecting the market for China government bonds and policy bank bonds.

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. All these may have a negative impact on the fund.

### *Legal system of Mainland China risk*

The legal system of Mainland China is based on written laws and regulations. Despite the Mainland Chinese government's effort in improving the commercial laws and regulations, many of these laws and regulations are still at an experimental stage and the implementation of such laws and regulations remains unclear. 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. As the Mainland China legal system develops, no assurance can be given that changes in such laws and regulations, their interpretation or their enforcement will not have a material adverse effect on their business operations.

Mainland China laws and regulations affecting securities markets are relatively new and evolving, and because of the limited volume of published cases and judicial interpretation and their non-binding nature, interpretation and enforcement of these regulations involve significant uncertainties.

#### *Potential market volatility risk*

Investors should note that the inter-bank bond market, and the Mainland China exchanges on which the onshore China bonds are traded are undergoing development. Market volatility and potential settlement difficulties in the Mainland China market may result in significant fluctuation in the prices of onshore China bonds traded on such markets and thereby may adversely affect the Net Asset Value of the Sub-Fund.

#### *Accounting and reporting standards risk*

Accounting, auditing and financial reporting standards and practices applicable to Mainland China companies may be different to those standards and practices applicable to countries that have more developed financial markets. For example, there are differences in the valuation methods of properties and assets and in the requirements for disclosure of information to investors.

#### *Taxation in Mainland China risk*

It should be noted that there is a possibility of the Mainland China tax laws, regulations and practice being changed and taxes being applied retrospectively. In view of the prevailing tax treatment as discussed in the section headed “Mainland China taxation” in this Prospectus, based on professional and independent tax advice, the management of the Sub-Fund (i) will make relevant provision of 10% on interest derived from Mainland Chinese instruments if withholding income tax (“WHT”) is not withheld at source at the time when such income is received (where WHT is already held at source, no provision will be made) and (ii) will not make tax provision on the gross unrealised and realised capital gains derived from disposal of fixed income or other money market instruments that may be subject to Mainland China tax. In the event that actual tax is collected by the STA to make payments reflecting tax liabilities for which no provisions has been made or that there is any shortfall between any provision made and the actual tax liabilities, the Net Asset Value of the Sub-Fund may be adversely affected, as the Sub-Fund will ultimately have to bear the full amount of tax liabilities or the amount of such shortfall (as the case may be). In this case, the additional tax liabilities will only impact Units in issue at the relevant time, and the then existing Unitholders and subsequent Unitholders will be disadvantaged as such Unitholders will bear, through the Sub-Fund, a disproportionately higher amount of tax liabilities as compared to that borne at the time of investment in the Sub-Fund. On the other hand, if the actual tax liabilities are lower than any provision made so that there is an excess in the tax provision amount, investors who have redeemed their Units before the STA’s ruling, decision or guidance in this respect will be disadvantaged as they would have borne the loss from the Manager’s overprovision. In this case, the then existing Unitholders and subsequent Unitholders may benefit if the difference between the tax provision and the actual tax liabilities can be returned to the account of the Sub-Fund as assets thereof. Notwithstanding the above provisions, Unitholders who have already redeemed their Units in the Sub-Fund before the return of any overprovision to the account of the Sub-Fund will not be entitled or have any right to claim any part of such overprovision. As a result, investors may be advantaged or disadvantaged depending on the implementation of the relevant tax laws/regulations by Mainland China tax authorities and when they subscribed and/or redeemed their Units. Upon any future resolution of the above-mentioned tax exemption or further changes to tax laws and regulations, the Manager will, as soon as practicable, make relevant adjustments to the tax provision policy as it considers necessary.

Please refer to the section “Taxation” – “Mainland China Taxation” in this Prospectus for information about Mainland China tax considerations of the Sub-Fund.



## **Regulatory risks**

### *Withdrawal of SFC authorisation risk*

The Trust and the Sub-Fund have been authorised as a collective investment scheme under the Code by the SFC under Section 104 of the Securities and Futures Ordinance. SFC authorisation is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. This does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. The SFC reserves the right to withdraw the authorisation of the Trust or the Sub-Fund or impose such conditions as it considers appropriate. If the Manager does not wish the Trust or the Sub-Fund to continue to be authorised by the SFC, the Manager will give Unitholders at least three months' notice of the intention to seek SFC's withdrawal of such authorisation. In addition, any authorisation granted by the SFC may be subject to certain conditions which may be withdrawn or varied by the SFC. If, as a result of such withdrawal or variation of conditions, it becomes illegal, impractical or inadvisable to continue the Trust or the Sub-Fund, the Trust or the Sub-Fund (as applicable) will be terminated.

### *Legal and regulatory risk*

The Sub-Fund must comply with regulatory constraints or changes in the laws affecting it or its investment restrictions which might require a change in the investment policy and objectives followed by the Sub-Fund. Furthermore, such change in the laws may have an impact on the market sentiment which may in turn affect the performance of the Sub-Fund. It is impossible to predict whether such an impact caused by any change of law will be positive or negative for the Sub-Fund. In the worst case scenario, a Unitholder may lose a material part of its investments in the Sub-Fund.

### *Taxation risk*

Investing in the Sub-Fund may have tax implications for a Unitholder depending on the particular circumstances of each Unitholder. Prospective investors are strongly urged to consult their own tax advisers and counsel with respect to the possible tax consequences to them of an investment in the Units. Such tax consequences may differ in respect of different investors.

### *Valuation and accounting risk*

The Manager intends to adopt IFRS in drawing up the annual financial reports of the Sub-Fund. However, the calculation of the Net Asset Value in the manner described under the section headed "Determination of Net Asset Value" will not necessarily be in compliance with generally accepted accounting principles, that is, IFRS. Under IFRS, investments should be valued at fair value (valuations within the bid and offer pricings are considered to be representative of fair value for listed investments) rather than last traded price, and establishment costs should be expensed as incurred rather than amortised over a period of time. Accordingly, the Net Asset Value as described in this Prospectus will not necessarily be the same as the net asset value to be reported in the annual accounts as the Manager will make necessary adjustments in the annual accounts to comply with IFRS (although the Manager does not consider the differences between IFRS and the calculation of Net Asset Value are material). Any such adjustments will be disclosed in the annual financial reports, including a reconciliation. Otherwise, non-compliance with IFRS may result in the auditors issuing a qualified or an adverse opinion on the annual financial reports depending on the nature and level of materiality of the non-compliance.

### *Contagion risk*

The Trust Deed allows the Trustee and the Manager to issue Units in separate sub-funds. The Trust Deed provides for the manner in which the liabilities are to be attributed across the various sub-funds under the Trust, including the Sub-Fund (liabilities are to be attributed to the specific sub-fund in respect of which the liability was incurred). A person to whom such a liability is owed has no direct recourse against the assets of the relevant sub-fund (in the absence of the Trustee granting that person a security interest). However, each of the Trustee and the Manager will have

a right of reimbursement and indemnity out of the assets of the Trust as a whole or any part thereof, against any action, costs, claims, damages, expenses or demands relating to the Trust as a whole, which may result in Unitholders of one sub-fund being compelled to bear the liabilities incurred in respect of other sub-funds in which such Unitholders do not themselves own units, if there are insufficient assets in that other sub-fund to satisfy the amount due to the Trustee and the Manager. Accordingly, there is a risk that liabilities of one sub-fund may not be limited to that particular sub-fund and may be required to be paid out of one or more other sub-funds.

#### *Cross Sub-Fund liability risk*

The assets and liabilities of each sub-fund (including the Sub-Fund) under the Trust will be tracked, for book keeping purposes, separately from the assets and liabilities of any other sub-funds, and the Trust Deed provides that the assets of each sub-fund should be segregated from each other. There is no guarantee that the courts of any jurisdiction will respect the limitations on liability and that the assets of any particular sub-fund will not be used to satisfy the liabilities of any other sub-fund.

#### *FATCA related risks*

The US Foreign Account Tax Compliance Act (“FATCA”) provides that a 30% withholding tax will be imposed on certain payments to foreign financial institutions, such as the Sub-Fund, including interests and dividends from securities of US issuers and potentially on a future date, gross proceeds from the sale of such securities, unless the Sub-Fund agrees to enter into an agreement (an “FFI Agreement”) with the US Internal Revenue Service (“IRS”), under which it will agree to identify its direct or indirect owners (under certain circumstances) who are U.S. persons and disclose to the IRS the U.S. persons’ name, address and taxpayer identification number as well as certain other information relating to any such interest. Also, a foreign financial institution (an “FFI”) may be required to withhold U.S. tax at a rate of 30% on certain payments to investors who fail to cooperate with certain information requests made by the FFI or on such payments made to investors that are FFIs that have not entered into an FFI Agreement with the IRS.

On 13 November 2014, the United States and Hong Kong have entered into an intergovernmental agreement (“IGA”) for the implementation of FATCA, adopting “Model 2” IGA arrangement (“Model 2 IGA”). Under the Model 2 IGA arrangement, FFIs in Hong Kong (such as the Sub-Fund) can enter into an FFI Agreement with the IRS, register with the IRS and comply with the terms of an FFI Agreement. Otherwise the Sub-Fund will be subject to a 30% withholding tax on relevant US-sourced payments and other withholdable payments. The Sub-Fund has completed its FATCA registration with the IRS. Although the Manager and the Sub-Fund will endeavor to comply with the requirements imposed on the Sub-Fund to avoid the imposition of FATCA withholding tax, no assurance can be given that the Sub-Fund will be able to fully satisfy these obligations. If the Sub-Fund becomes subject to a withholding tax as a result of FATCA, the Net Asset Value of the Sub-Fund may be adversely affected and the Sub-Fund and its Unitholders may suffer significant loss as a result.

The Sub-Fund’s ability to comply with FATCA will depend on each Unitholder providing the Sub-Fund with information that the Sub-Fund requests concerning the Unitholder or its direct and indirect owners. As at the date of this Prospectus, all Units are registered in the name of HKSCC Nominees Limited. It is the Manager’s understanding that HKSCC Nominees Limited has registered as a participating foreign financial institution under a Model 2 IGA.

Please also refer to the sub-section headed “FATCA and compliance with US withholding requirements” under the section headed “Taxation” in this Prospectus for further details on FATCA and related risks.

All prospective investors and Unitholders should consult with their own tax advisers regarding the possible implications of FATCA and the tax consequences on their investments in the Sub-Fund. Unitholders who hold their Units through intermediaries should also confirm the FATCA compliance status of those intermediaries.

## MANAGEMENT OF THE TRUST

### The Manager

The Manager of the Trust is China Asset Management (Hong Kong) Limited 華夏基金(香港)有限公司, which is a fully-owned subsidiary of China Asset Management Co., Ltd. (“ChinaAMC”). Established on 9 April 1998 with approval from the CSRC, ChinaAMC is one of the first nation-wide fund management firms in the PRC and is currently one of the largest fund management companies in the PRC in terms of assets under management (RMB2.465 trillion as of 31 December 2024).

The Manager was established in 2008 as ChinaAMC’s first venture in expanding its overseas activities. The Manager is now an integral part and extension of ChinaAMC’s overseas investment and research team, providing international clients with investment products and discretionary investment management services.

The Manager was incorporated in Hong Kong with limited liability on 30 September 2008 and is licensed by the SFC to conduct types 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance with CE number ARS988.

Under the Trust Deed, the monies forming part of the Sub-Fund are invested, at the direction of the Manager, in accordance with the Trust Deed. The Manager is responsible for placing purchase and sale orders and providing continuous supervision of the investment portfolio of the Trust.

Without limiting the other powers mentioned in this Prospectus, the Manager may purchase and sell investments for the account of the Sub-Fund and subject to the provisions of the Trust Deed and enter into such contracts including sale and purchase agreements, loans and broker and trading agreements in accordance with the Trust Deed, as it deems appropriate in the performance of its role as Manager.

The Manager has sufficient human and technical resources and capability plus adequate infrastructure systems, operational processes, controls and procedures in place in order to ensure the smooth and efficient management and operation of the Sub-Fund, including creation and redemptions, general operation of the Sub-Fund, cash management, procedures of handling corporate and other special events, portfolio composition file generation and checking, reference underlying portfolio value or estimated net asset value checking and monitoring and tracking error management.

### The Directors of the Manager

The Directors of the Manager are:

**Ms. LI Yimei** is currently a Director, the General Manager and the Deputy Secretary of the Party Committee of China Asset Management Co., Ltd. and the Chairwoman of the Board of Directors of the Manager and the Executive Director of China Equity Fund Management (Beijing) Co., Ltd. Ms. Li previously worked as the Deputy General Manager, Director of Sales and Director of Marketing, General Manager of Fund Marketing Department and concurrent administrative person in charge of the Data Center of China Asset Management Co., Ltd., Executive Director and General Manager of Shanghai China Wealth Management Company Limited, and Director of E-Capital Transfer Co., Ltd, etc. Ms. Li holds a Bachelor of Economics from Renmin University of China, a Master of Economics from Renmin University of China and a Master in Public Policy from Harvard University.

**Mr. YANG Kun** is currently a Deputy General Manager, Director of Investment and a member of the Party Committee of China Asset Management Co., Ltd., and a Director of the Manager. Mr. Yang previously worked as the Finance Manager of China Foreign Economy and Trade Trust Co., Ltd, the Portfolio Manager Assistant of Baoying Fund Management Co., Ltd, the Manager of Investment Department of Yimin Asset Management Co., Ltd, the Deputy General Manager of

Equity Investment Department of China Asset Management Co., Ltd, etc. Mr. Yang holds a Master of Business Administration from Guanghua School of Management, Peking University.

**Mr. SUN Liqiang** is currently the Chief Financial Officer and administrative person in charge of Finance Department of China Asset Management Co., Ltd., a Supervisor of China Capital Management Co., Limited, a Supervisor of Shanghai China Wealth Management Co., Ltd., and a Director of the Manager. Mr. Sun previously worked at Planning and Finance Department of Shenzhen Airlines Company Limited. He previously worked as the Deputy Head of Fund Operations Department and Deputy Head of Finance Department of China Asset Management Co., Ltd. etc. Mr. Sun holds a Master of Business Administration from Central University of Finance and Economics.

**Mr. GAN Tian** is currently the Chief Executive Officer and the Chief Investment Officer of the Manager. Mr. Gan joined ChinaAMC in 2008 as a portfolio manager. Before joining ChinaAMC, Mr Gan has worked in GuotaiJunan Securities and GuotaiJunan Assets (Asia) Ltd. Mr. Gan holds Master degrees from University of Reading and University of Leicester in the United Kingdom. He also holds a Bachelor's degree from Sichuan University in the PRC.

**Mr. LI Fung Ming** is currently a Managing Director and the Chairman of Investment Committee of the Manager. Before joining the Manager in 2012, Mr. Li worked as a Managing Director, Head of China Research, Chief China Strategist and Head of Asian Autos and Auto Parts Research of JP Morgan Securities (Asia Pacific) Limited. Prior to that, he has also worked in Indosuez W. I. Carr Securities and China Guotai Securities. Mr. Li holds a Master of Arts degree from Shanghai University of International Business and Economics, and a Bachelor degree in Economics from Jiangsu University of Technology.

### **The Trustee and Registrar**

The Trustee of the Trust is HSBC Institutional Trust Services (Asia) Limited. The Trustee also acts as the Registrar of the Sub-Fund, and provides services in respect of the establishment and maintenance of the register of the Unitholders.

The Trustee was incorporated with limited liability in Hong Kong in 1974 and is registered as a trust company under the Trustee Ordinance (Chapter 29 of the Laws of Hong Kong) and approved by the Mandatory Provident Funds Scheme Authority as trustee of registered MPF Schemes under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong). The Trustee is an indirectly wholly owned subsidiary of HSBC Holdings plc, a public company incorporated in England and Wales.

Under the Trust Deed, the Trustee is responsible for the safe-keeping of the assets of the Trust and the Sub-Fund, subject to the provisions of the Trust Deed.

The Trustee may from time to time appoint or (where the appointment of a local custodian is required by the applicable laws and regulations of the relevant jurisdiction to be made by the Manager) agree in writing to the appointment by the Manager of, such person or persons as it thinks fit (including, without limitation, any of its Connected Persons) to hold as custodian, nominee, agent or delegate, all or any of the investments, assets or other property comprised in the Trust Fund or any of the sub-funds and may empower any such custodian, nominee, agent or delegate to appoint, with the prior consent in writing of the Trustee, co-custodians and/or sub-custodians (each such custodian, nominee, delegate, agent, co-custodian and sub-custodian a "Correspondent"). The Trustee is required to (a) exercise reasonable care, skill and diligence in the selection, appointment and on-going monitoring of Correspondents and (b) be satisfied that Correspondents retained remain suitably qualified and competent on an ongoing basis to provide the relevant custodial services to the Sub-Fund(s). The Trustee shall be responsible for the acts and omissions of any Correspondent which is a Connected Person of the Trustee as if the same were the acts or omissions of the Trustee but provided that the Trustee has discharged its obligations set out in (a)

and (b) as set out in this paragraph, the Trustee shall not be liable for any act, omission, insolvency, liquidation or bankruptcy of any Correspondent which is not a Connected Person of the Trustee.

The 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 depositary or clearing system which may from time to time be approved by the Trustee and the Manager.

Subject as provided in the Trust Deed, the Trustee shall not be liable for losses caused by the performance of investments made by the Trust and/or the Sub-Fund.

Subject as provided in the Trust Deed, the Trustee is entitled to be indemnified from the assets of the Trust and/or the Sub-Fund from and against any and all actions, proceedings, liabilities, costs, claims, damages, expenses, including all reasonable legal, professional and other similar expenses (other than any liability to Unitholders imposed under Hong Kong law or resulting from breaches of trust through fraud or negligence on the part of the Trustee), which may be incurred by or asserted against the Trustee in performing its obligations or duties in connection with the Trust or the Sub-Fund. Subject to applicable law and the provisions of the Trust Deed, the Trustee shall not, in the absence of breaches of trust through fraud or negligence on the part of the Trustee, be liable for any losses, costs or damage to the Trust, the Sub-Fund or any Unitholder.

The Trustee in no way acts as guarantor or offeror of the Units or any underlying investment. The Trustee has no responsibility or authority to make investment decisions, or render investment advice with respect to the Trust or the Sub-Fund, which is the sole responsibility of the Manager.

The appointment of the Trustee may be terminated in the circumstances set out in the Trust Deed.

The Trustee is entitled to the fees set out in “Fees and expenses payable by the Sub-Fund (applicable to both Listed Class of Units and Unlisted Class(es) of Units)” sub-section in the “Fees and Expenses” section and to be reimbursed for all costs and expenses in accordance with the provisions of the Trust Deed.

The Manager has sole responsibility for making investment decisions in relation to the Trust and/or the Sub-Fund and the Trustee (including its delegate) is not responsible and has no liability for any investment decision made by the Manager. Except as provided in the Trust Deed or expressly stated in this Prospectus and/or required by the Code, neither the Trustee nor any of its employees, service providers or agents are or will be involved in the business affairs, organisation, sponsorship or investment management of the Trust or the Sub-Fund, and they are not responsible for the preparation or issue of this Prospectus other than the description under “The Trustee and Registrar” in the “Management of the Trust” section.

### **The Service Agent (applicable in respect of Listed Class of Units only)**

HK Conversion Agency Services Limited acts as Service Agent under the terms of the Service Agreement entered into among the Manager, the Trustee, the Participating Dealer, the PD Agent (where applicable) the Service Agent and HKSCC. The Service Agent performs, through HKSCC, certain of its services in connection with the creation and redemption of Units in the Sub-Fund by Participating Dealers or PD Agent (as the case may be).

### **The Auditor**

The Manager has appointed Ernst & Young to act as the auditor of the Trust and the Sub-Fund (the “Auditor”). The Auditor is independent of the Manager and the Trustee.

### **The Participating Dealers (applicable in respect of Listed Class of Units only)**

A Participating Dealer may act for its own account or for account of its clients in making Creation Applications and Redemption Applications.

If the Participating Dealer has appointed a PD Agent, the PD Agent will act as an agent of the Participating Dealer to create and redeem Units in the Sub-Fund.

The Manager has the right to appoint the Participating Dealers for the Sub-Fund. The criteria for the eligibility and selection of Participating Dealers is as follows: (i) the Participating Dealer and (where applicable) PD Agent must be licensed for at least Type 1 regulated activity pursuant to the SFO with a business presence in Hong Kong; (ii) the Participating Dealer and (where applicable) PD Agent must have entered into a Participating Agreement with the Manager and the Trustee; (iii) the Participating Dealer (and where applicable, the appointment of the PD Agent by the Participating Dealer) must be acceptable to the Manager; and (iv) the Participating Dealer (and where applicable, the PD Agent appointed by the Participating Dealer) must be a participant in CCASS.

The latest list of Participating Dealers and PD Agents (if any) in respect of the Sub-Fund is available at [www.chinaamc.com.hk](http://www.chinaamc.com.hk) (the contents of which and of any other website referred to in this Prospectus have not been reviewed by the SFC).

### **The Market Makers (applicable in respect of Listed Class of Units only)**

A Market Maker is a broker or dealer permitted by the SEHK to make a market for the Units in the secondary market and whose obligations include quoting bid prices to potential sellers and offer prices to potential buyers when there is a wide spread between the prevailing bid prices and offer prices for the Units on the SEHK. Market Makers facilitate the efficient trading of Units by providing liquidity in the secondary market when it is required, in accordance with the market making requirements of the SEHK.

Subject to applicable regulatory requirements, the Manager will use its best endeavours to put in place arrangements so that there is at least one Market Maker for the Units traded in each counter on the listing date on the SEHK and after listing. If the SEHK withdraws its permit to the existing Market Maker(s), the Manager will use its best endeavours to put in place arrangements so that there is at least one other Market Maker to facilitate the efficient trading of Units traded in each counter. The Manager will use its best endeavours to put in place arrangements so that at least one Market Maker for each counter is required to give not less than three months' prior notice to terminate market making under the relevant market making agreement. The latest list of Market Makers is available at [www.hkex.com.hk](http://www.hkex.com.hk).

### **The Listing Agent (applicable in respect of Listed Class of Units only)**

Altus Capital Limited has been appointed by the Manager as the Listing Agent for the Sub-Fund in accordance with The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited in respect of the Sub-Fund's listing on the SEHK. The Listing Agent is a licensed corporation which holds, amongst others, a Type 6 (advising on corporate finance) regulated activity license under the Securities and Futures Ordinance with CE Number AGH102.

### **Conflicts of interest and soft dollars**

The Manager and the Trustee may, from time to time, act as manager, sub-investment manager, investment delegate, trustee or custodian or in such other capacity in connection with any collective investment scheme separate and distinct from the Trust and the Sub-Fund and retain any profit or benefit made in connection therewith.

In addition:

- (a) The Manager or any of its Connected Persons may purchase and sell investments for the account of the Sub-Fund as agent for the Sub-Fund.
- (b) The Trustee, the Manager and any of their Connected Persons may contract or enter into any financial, banking or other transaction with one another or with any Unitholder or any

company or body any of whose shares or securities form part of the Sub-Fund's assets.

- (c) The Trustee or the Manager or any Connected Person may become the owner of Units and hold, dispose or otherwise deal with them with the same rights which it would have had if it had not been the Trustee or the Manager or any of their Connected Persons.
- (d) The Trustee, the Manager and any of their Connected Persons may buy, hold and deal in any securities, commodities or other property for their own account or for the account of their other customers notwithstanding that similar securities, commodities or other property may be held by the Sub-Fund.
- (e) Any arrangements for the borrowing or deposit of any monies for the account of the Sub-Fund may be made with any of the Trustee, the Manager or any of their Connected Persons being a banker or other financial institution provided that such person shall charge or pay (as the case may be) interest or fees at a rate or amount no higher (in the case of a borrowing) or lower (in the case of a deposit) than the prevailing rates or amounts for transactions of a similar size and duration, in the same currency and with institutions of similar standing.
- (f) Neither the Trustee nor the Manager nor any of their Connected Persons shall be liable to account to each other or to the Sub-Fund or to the Unitholders for any profits or benefits made or derived from or in connection with any such transaction mentioned above.

It is, therefore, possible that any of the Trustee, the Manager, or any of their Connected Persons may, in the course of business, have potential conflicts of interest with the Sub-Fund. Each will, at all times, have regard in such event to its obligations to the Sub-Fund and the Unitholders and will endeavour to ensure that such conflicts are resolved fairly.

Subject to applicable rules and regulations, the Manager, their delegates or any of their Connected Persons may enter into portfolio transactions for or with the Sub-Fund as agent in accordance with normal market practice, provided that commissions charged to the Sub-Fund in these circumstances do not exceed customary full service brokerage rates. If a broker does not provide research or other lawful services in addition to brokerage execution, such broker will generally charge a brokerage commission that is discounted from customary full service brokerage rates. Where the Manager invests the Sub-Fund in shares or units of a collective investment scheme managed by the Manager, or any Connected Person of any of them, the manager of the scheme in which the investment is being made by the Sub-Fund must waive any management fee, preliminary or initial charge which it is entitled to charge for its own account in relation to the acquisition of shares or units and there must be no increase in the overall total of annual management fees (or other costs and charges payable to the Manager or any Connected Person of any of them) borne by the Sub-Fund.

None of the Manager nor any Connected Person of any of them shall, retain any cash commission rebates or other payment or benefit (except as otherwise provided for in this Prospectus or in the Trust Deed) received from a third party (either directly or indirectly) arising out of the sale or purchase or loan of investments for the Sub-Fund, and any such rebates or payments or benefits which are received shall be credited to the account of the Sub-Fund.

The Manager or Connected Person of any of them may receive, and are entitled to retain, research products and services (known as soft dollar benefits) which are of demonstrable benefit to the Sub-Fund (as may be permitted under the Code, applicable rules and regulations) from brokers and other persons through whom investment transactions are carried out ("brokers") provided that the quality of transaction execution is consistent with best execution standards and brokerage rates are not in excess of customary full service brokerage rates adequate prior disclosure is made in this Prospectus that the Unitholders have consented and periodic disclosure is made in the Sub-Fund's annual financial report in the form of a statement describing the soft dollar policies and practices of the Manager, including a description of the goods and services retained by them, and 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 not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employee salaries, or direct money payments.

The services of the Trustee provided to the Trust and the Sub-Fund are not deemed to be exclusive and the Trustee shall be free to render similar services to others so long as its services hereunder are not impaired thereby and to retain for its own use and benefit all fees and other monies payable thereby and the Trustee shall not be deemed to be affected with notice of or to be under any duty to disclose to the Sub-Fund any fact or thing which comes to the notice of the Trustee in the course of the Trustee rendering similar services to others or in the course of its business in any other capacity or in any manner whatsoever otherwise than in the course of carrying out its duties under the Trust Deed.

Conflicts of interest may also arise due to the widespread business operations of the Trustee, the Manager, the Registrar and the Service Agent and their respective holding companies, subsidiaries and affiliates. The foregoing parties may effect transactions where those conflicts arise and shall not, subject to the terms of the Trust Deed, be liable to account for any profit, commission or other remuneration arising. However, all transactions carried out by or on behalf of the Sub-Fund will be on arm's length terms and in the best interests of Unitholders. In particular, any transactions between the Sub-Fund and the Manager or any of their Connected Person(s) as principal may only be made with the prior written consent of the Trustee. All such transactions must be disclosed in the Sub-Fund's annual report.

For so long as the Sub-Fund is authorised by the SFC and it is an applicable requirement of the Code, the Manager, if transacting with brokers or dealers connected to the Manager or any of their respective Connected Persons, must ensure it complies with the following obligations:

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



## STATUTORY AND GENERAL INFORMATION

### Reports and accounts

The financial year-end of the Trust and the Sub-Fund is 31 December every year. The first financial year-end of the Sub-Fund was 31 December 2024. Audited financial reports are to be prepared (according to IFRS) and published on the Manager's website within 4 months of each financial year-end. Half-yearly unaudited reports are also to be prepared up to the last Dealing Day in June of each year and published on the Manager's website within two months of such date. Once these financial reports are made available on the Manager's website, investors will be notified within the relevant timeframe.

The first audited financial reports and the first half-yearly unaudited financial reports of the Sub-Fund were for the period ended 31 December 2024 and 30 June 2024 respectively.

The audited financial reports and half-yearly financial reports of the Sub-Fund will be available in English only. Printed copies may be requested free of charge from the Manager by contacting it, as described below under "Notices".

The financial reports provide details of the assets of the Sub-Fund and the Manager's statement on transactions during the period under review.

### Trust Deed

The Trust and the Sub-Fund were established under Hong Kong law by the Trust Deed made between the Manager and the Trustee. All Unitholders are entitled to the benefit of, are bound by and are deemed to have notice of, the provisions of the Trust Deed. The Trust Deed contains provisions for the indemnification of the Trustee and the Manager out of the assets of the Trust Fund and their relief from liability in certain circumstances (summarised below in "Indemnities of the Trustee and Manager"). Unitholders and intending applicants are advised to consult the terms of the Trust Deed.

### Indemnities of the Trustee and Manager

The Trustee and the Manager benefit from various indemnities in the Trust Deed. Except as provided under the Trust Deed, the Trustee and the Manager shall be entitled to be indemnified out of, and have recourse to, the Trust Fund in respect of any action, costs, claims, damages, expenses or demands arising directly or indirectly from the proper performance of the Sub-Fund. Nothing in any of the provisions of the Trust Deed shall (i) exempt either the Trustee or the Manager (as the case may be) from or against any liability to Unitholders for breach of trust through fraud or negligence or any liability to Unitholders which by virtue of any Hong Kong rule of law or any other rule of law would otherwise attach to them in relation to their duties nor (ii) indemnify either against such liability by Unitholders or at Unitholders' expense.

### Modification of the Trust Deed

The Trustee and the Manager may agree to modify, alter or add to the provisions of the Trust Deed by supplemental deed provided that in the opinion of the Trustee and the Manager such proposed modification, alteration or addition (i) does not materially prejudice the interests of Unitholders, does not operate to release to any material extent the Trustee or the Manager or any other person from any responsibility to the Unitholders and (with the exception of the costs incurred in connection with the relevant supplemental deed) does not increase the costs and charges payable out of the assets of the Sub-Fund; (ii) is necessary in order to make possible compliance with any fiscal, statutory, regulatory or official requirement (whether or not having the force of law); or (iii) is made to correct a manifest error. In all other cases, modifications, alterations and additions involving material changes require the sanction of an extraordinary resolution of the Unitholders affected. The SFC must, where applicable, also give its prior approval to such amendments to the Trust Deed.

The Manager will notify affected Unitholders of the amendments as soon as practicable in advance of such amendments having effect or after they are made if such notification is required under the Code.

### **Name of the Trust and Sub-Fund**

Under the Trust Deed the Manager may, on notice to the Trustee, change the name of the Trust and the Sub-Fund.

### **Meetings of Unitholders**

Proxies may be appointed. A Unitholder who is the holder of two or more Units may appoint more than one proxy to represent him and vote on his behalf at any meeting of the Unitholders. If a clearing house (or its nominee(s)), being a corporation, is a Unitholder, it may authorise such persons as it thinks fit to act as its representatives at any meeting of the Unitholders provided that, if more than one person is so authorised, the authorisation shall specify the number and class of Units in respect of which each such representative is so authorised. Each person so authorised shall be deemed to have been duly authorised without further evidence of the facts and shall be entitled to exercise the same rights and powers on behalf of the clearing house (or its nominee(s)) as if such person were the registered Unitholder of the Units held by the clearing house (or its nominee(s)), including the right to vote individually on a poll.

### **Voting rights**

Unitholders' meetings may be convened by the Manager, by the Trustee or by Unitholders representing at least 10% of the Units in issue, on not less than 21 days' notice.

These meetings may be used to modify the terms of the Trust Deed, including increasing the maximum fees payable to the service providers, removing the Manager or terminating the Sub-Fund at any time. Such amendments to the Trust Deed must be considered by Unitholders of at least 25% of the Units in issue and passed by 75% or more of the votes cast.

Other matters that require an ordinary resolution being passed would be considered by Unitholders of at least 10% of the Units in issue and passed by a simple majority (i.e. more than 50%) of the votes cast.

The Trust Deed contains provisions for the holding of separate meetings of Unitholders holding Units of different classes where only the interests of Unitholders of such class are affected.

### **Termination**

The Trust may be terminated by the Trustee if: (i) the Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or a receiver is appointed over any of its assets and not discharged within 60 days; (ii) in the opinion of the Trustee, the Manager is incapable of performing its duties satisfactorily; (iii) the Manager has failed to perform its duties satisfactorily or has, in the opinion of the Trustee, done something calculated to bring the Trust into disrepute or that is harmful to the interests of Unitholders; (iv) a law is passed that renders it illegal, or in the opinion of the Trustee or the Manager, impracticable or inadvisable to continue the Trust; (v) the Trustee is unable to find an acceptable person to replace the Manager within 30 days after the removal of the Manager, or the person nominated by the Trustee shall fail to be approved by extraordinary resolution; or (vi) 60 days after the Trustee notifies the Manager of its intention to retire, no new person willing to act as trustee has been identified.

The Manager may terminate the Trust if: (i) after one year from the date of the Trust Deed, the aggregate Net Asset Value of all the units in the sub-fund(s) of the Trust is less than HKD150 million; (ii) any law or regulation is passed or amended or any regulatory directive or order is imposed that affects the Trust and which renders the Trust illegal or in the good faith opinion of the

Manager, makes it impracticable or inadvisable to continue the Trust; or (iii) within a reasonable time and using commercially reasonable endeavours, the Manager is unable to find a person acceptable to act as the new trustee after deciding to remove the Trustee in accordance with the Trust Deed.

The Manager may, in its absolute discretion, by notice in writing to the Trustee, terminate the Sub-Fund if: (i) after one year from the date of establishment of the Sub-Fund, the aggregate Net Asset Value of all the Units is less than HKD150 million; (ii) any law or regulation is passed or amended or any regulatory directive or order is imposed that affects the Sub-Fund and which renders the Sub-Fund illegal or in the good faith opinion of the Manager makes it impracticable or inadvisable to continue the Sub-Fund; (iii) its index (if any) is no longer available for benchmarking or if the Units of the Sub-Fund are no longer listed on the SEHK or any such other stock exchange from time to time determined by the Manager; (iv) at any time, the Sub-Fund ceases to have any Participating Dealer; or (v) the Manager is unable to implement its investment strategy. Further, the Unitholders may at any time authorise termination of the Trust or the Sub-Fund by extraordinary resolution.

The Trustee may, in its absolute discretion, by notice in writing to the Manager, terminate the Sub-Fund if: (i) the Trustee forms the opinion for good and sufficient reason that the Manager is incapable of performing its duties satisfactorily in respect of the Sub-Fund; (ii) the Trustee forms the opinion for good and sufficient reason that the Manager has failed to perform its duties satisfactorily in respect of the Sub-Fund or has done something calculated to bring the Sub-Fund into disrepute or that is harmful to the interests of Unitholders of the Sub-Fund; or (iii) any law or regulation is passed or amended or any regulatory directive or order is imposed that affects the Sub-Fund and which renders the Sub-Fund illegal or in the good faith opinion of the Trustee makes it impracticable or inadvisable to continue the Sub-Fund.

Notice of the termination of the Trust or the Sub-Fund will be given to the Unitholders after the SFC has approved the notice. The notice will contain the reasons for the termination, the consequences to Unitholders of terminating the Trust or the Sub-Fund and the alternatives available to them, and any other information required by the Code. Any unclaimed proceeds or other monies held by the Trustee in the event of a termination may at the expiration of twelve calendar months from the date upon which the same became payable be paid into court.

### **Distribution policy**

The Manager will adopt a distribution policy for the Sub-Fund as the Manager considers appropriate having regard to the Sub-Fund's net income, fees and costs. Distributions will always depend on dividend payments on Securities held by the Sub-Fund which will in turn depend on factors beyond the control of the Manager including, general economic conditions, and the financial position and dividend policies of the relevant underlying entities. Unless otherwise specified, no distribution will be paid out of capital of the Sub-Fund. There can be no assurance that such entities will declare or pay dividends or distributions.

### **Inspection of documents**

Copies of the following documents are available for inspection free of charge at the offices of the Manager and copies thereof (other than (d)) may be purchased from the Manager at a reasonable price:

- (a) Trust Deed;
- (b) Service Agreements;
- (c) Participation Agreements; and
- (d) The most recent annual financial report of the Trust and the Sub-Fund (if any) and the most recent interim financial report of the Trust and the Sub-Fund (if any).

## **Part XV of the SFO**

Part XV of the SFO sets out the Hong Kong disclosure of interests' regime applicable to Hong Kong listed companies. The regime does not apply to unit trusts that are listed on the SEHK like the Trust. Consequently, Unitholders are not obliged to disclose their interest in the Sub-Fund.

### **Anti-money laundering regulations**

As part of the Manager's, the Trustee's and the Participating Dealer's responsibility for the prevention of money laundering and to comply with all applicable laws to which the Manager, the Trustee, the Sub-Fund or the relevant Participating Dealer is subject, the Manager, the Registrar, the Trustee or the relevant Participating Dealer may require a detailed verification of an investor's identity and the source of payment of any applications for Units. Depending on the circumstances of each application, a detailed verification might not be required where:

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

These exceptions apply only if the financial institution or intermediary is within a country recognised by the Trustee and the Manager as having sufficient anti-money laundering regulations.

### **Liquidity risk management**

The Manager has established a liquidity management policy which enables it to identify, monitor and manage the liquidity risks of the Sub-Fund and to ensure that the liquidity profile of the investments of the Sub-Fund will facilitate compliance with the Sub-Fund's obligation to meet redemption requests. Such policy, combined with the liquidity management tools of the Manager, also seeks to achieve fair treatment of Unitholders and safeguard the interests of remaining Unitholders in case of sizeable redemptions.

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

The liquidity management policy involves monitoring the profile of investments held by the Sub-Fund on an on-going basis to ensure that such investments are appropriate to the redemption policy set out in Schedule 2 and Schedule 3 respectively, and will facilitate compliance with the Sub-Fund's obligation to meet redemption requests. Further, the liquidity management policy includes details on periodic stress testing carried out by the Manager to manage the liquidity risk of the Sub-Fund under normal and exceptional market conditions.

As a liquidity risk management tool, the Manager may limit the number of Units of the Sub-Fund redeemed on any Dealing Day to Units representing 10% (or such higher percentage as the Manager may determine in respect of the Sub-Fund) of the total Net Asset Value in the Sub-Fund then in issue (subject to the conditions under the section headed "Deferred Redemption" in Schedule 2 and Schedule 3 respectively).

### **Information available on the internet**

The Manager will publish important news and information with respect to the Sub-Fund, both in the English and in the Chinese languages, on the Manager's website at [www.chinaamc.com.hk](http://www.chinaamc.com.hk) including:

- (a) this Prospectus and the product key facts statements in respect of the Sub-Fund (as revised from time to time). Investors should note that the Sub-Fund offers both Listed Class of Units

and Unlisted Class(es) of Units to Hong Kong investors, so separate sets of product key facts statement will be available for the Listed Class of Units and the Unlisted Class(es) of Units of the Sub-Fund respectively;

- (b) the latest annual and semi-annual financial reports (in English only);
- (c) any notices for material alterations or additions to this Prospectus or the Sub-Fund's constitutive documents;
- (d) any public announcements made by the Sub-Fund, including information with regard to the Sub-Fund, notices of the suspension of the calculation of the Net Asset Value, changes in fees and the suspension and resumption of trading;
- (e) (in respect of Listed Class of Units only) the near real time indicative Net Asset Value per Unit in RMB and HKD every 15 seconds throughout each Dealing Day;
- (f) (in respect of Listed Class of Units only) the last Net Asset Value of the Listed Class of Units and the last Net Asset Value per Unit in each trading currency of the Sub-Fund (updated on a daily basis);
- (g) (in respect of the Unlisted Class(es) of Units only) the last Net Asset Value per Unit of each Unlisted Class of Units in issue;
- (h) the full portfolio information of the Sub-Fund (updated on a daily basis);
- (i) (in respect of Listed Class of Units only) the latest list of the Participating Dealers and Market Makers;
- (j) the past performance information of other classes offered to Hong Kong investors.

In respect of Listed Class of Units of the Sub-Fund:

- (i) the near real-time indicative Net Asset Value per Unit is indicative and for reference purposes only. It will be updated every 15 seconds during SEHK trading hours. The near real-time indicative Net Asset Value per Unit in HKD is calculated by Interactive Data using the near real-time indicative Net Asset Value per Unit in RMB multiplied by a real-time HKD:RMB foreign exchange rate provided by Interactive Data Real-Time FX Rate. Since the near real-time indicative Net Asset Value per Unit in RMB will not be updated when the underlying share market is closed, any change in the indicative Net Asset Value per Unit in HKD (if any) during such period is solely due to the change in the foreign exchange rate;
- (ii) the last Net Asset Value per Unit in HKD is indicative and for reference purposes only and is calculated using the last Net Asset Value per Unit in RMB multiplied by the HKD:RMB foreign exchange rate quoted by Reuters at 2:00pm (Hong Kong time) as of the same Dealing Day. The official last Net Asset Value per Unit in RMB and the indicative last NAV per Unit in HKD will be updated on days when the SEHK is open for trading.

## Notices

All notices and communications to the Manager and Trustee should be made in writing and sent to the following addresses:

### ***Manager***

China Asset Management (Hong Kong)  
Limited  
37/F, Bank of China Tower  
1 Garden Road

### ***Trustee***

HSBC Institutional Trust Services (Asia) Limited  
1 Queen's Road Central  
Hong Kong

Central, Hong Kong

### **Website Information**

The offer of the Units is made solely on the basis of information contained in this Prospectus. All references in this Prospectus to other websites and sources where further information may be obtained are merely intended to assist you to access further information relating to the subject matter indicated and such information does not form part of this Prospectus. None of the Listing Agent, the Manager or the Trustee accepts any responsibility for ensuring that the information contained in such other websites and sources, if available, is accurate, complete and/or up-to-date, and no liability is accepted by the Listing Agent, the Manager and the Trustee in relation to any person's use of or reliance on the information contained in these other websites and sources save, in respect of the Manager, its website [www.chinaamc.com.hk](http://www.chinaamc.com.hk). The information and materials included in these websites have not been reviewed by the SFC or any regulatory body. You should exercise an appropriate degree of caution when assessing the value of such information.

## TAXATION

### Hong Kong taxation

*The following summary of Hong Kong taxation is of a general nature, for information purposes only, and is not intended to be an exhaustive list of all of the tax considerations that may be relevant to a decision to purchase, own, redeem or otherwise dispose of Units. This summary does not constitute legal or tax advice and does not purport to deal with the tax consequences applicable to all categories of investors. Prospective investors should consult their own professional advisers as to the implications of their subscribing for, purchasing, holding, redeeming or disposing of Units both under the laws and practice of Hong Kong and the laws and practice of their respective jurisdictions. The information below is based on the law and practice in force in Hong Kong at the date of this 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.*

#### *The Trust and Sub-Fund*

##### *Profits Tax*

As the Trust and the Sub-Fund have been authorised as a collective investment scheme by the SFC under Section 104 of the SFO, profits of the Trust and the Sub-Fund are exempt from Hong Kong profits tax under Section 26A(1A)(a)(i) of the Inland Revenue Ordinance (Cap. 112) of Hong Kong ("IRO").

##### *Stamp Duty*

Hong Kong stamp duty is ordinarily payable, inter alia, on the sale or purchase of Hong Kong stock. "Hong Kong stock" is defined in the Stamp Duty Ordinance (the "SDO") as "stock" (as further defined in the SDO) the transfer of which is required to be registered in Hong Kong. The Units should fall within the definition of "Hong Kong stock" as the register of Unitholders is maintained in Hong Kong.

No Hong Kong stamp duty is payable by the Sub-Fund on an issue or redemption of Units.

The sale and purchase of Hong Kong stock (if any) by the Sub-Fund is subject to Hong Kong stamp duty at 0.10% on the higher of the consideration amount or market value, payable by both the buyer and the seller (i.e. 0.20% in total).

##### *The Unitholders*

##### *Profits Tax*

Distributions by the Trust or the Sub-Fund should generally not be subject to Hong Kong profits tax in the hands of the Unitholders in accordance with the current law and practice of the Inland Revenue Department (the "IRD") (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 and unincorporated business) will arise on any gains or profits sourced in Hong Kong made on the sale, redemption or other disposal of the Units where such transactions form part of a trade, profession or business carried on by a Unitholder in Hong Kong and such Units are not capital assets to the Unitholders. Ascertaining the classification of a gain as revenue or capital will depend on the particular facts and circumstances of the Unitholders. A two-tiered profits tax rates regime is applicable to any year of assessment commencing on or after 1 April 2018. Under the two-tiered profits tax rates regime, the first HKD2 million of assessable profits will be subject to a reduced tax rate at 50% of the standard profits tax rate (i.e. 8.25% for corporations and 7.5% for individuals and unincorporated business), with certain exceptions, and the remaining profits will be subject to the

standard rate of 16.5% for corporations and 15% for individuals and unincorporated business. For a group of “connected entities” (as defined under Section 14AAB of the IRO), only one entity within the group can elect to apply the two-tiered profits tax rates. Unitholders should take advice from their own professional advisers as to their particular tax position.

There is no withholding tax on dividend distributions in Hong Kong.

### *Stamp Duty*

No Hong Kong stamp duty is payable by a Unitholder on an issue or redemption of Units.

There should also be no Hong Kong stamp duty in respect of any transfer in the shares or units of an exchange traded fund (as defined in Part 1 to Schedule 8 of the SDO) on the SEHK. Accordingly no stamp duty is payable by Unitholders on any transfer.

### **Hong Kong requirements regarding the Common Reporting Standard (the “CRS”)**

The Inland Revenue (Amendment) (No.3) Ordinance (the “Ordinance”) (as amended from time to time) came into force on 30 June 2016. This is the legislative framework for the implementation of the Standard for Automatic Exchange of Financial Account Information of the Organisation for Economic Co-operation and Development (the “OECD”) (commonly known “CRS”) in Hong Kong. The CRS requires financial institutions (“FI”) in Hong Kong to obtain information from the account holders, conduct due diligence on the account holders and file such information that relates to the reportable account holders who are tax resident in Reportable Jurisdictions (as defined below) with the IRD generally, tax information will be exchanged only with jurisdictions with which Hong Kong has activated exchange relationship (“Reportable Jurisdictions”); however, under CRS, the Trust, the Sub-Fund and/or their agents are not restricted from obtaining information relating to residents of jurisdictions other than Reportable Jurisdictions.

The Trust and the Sub-Fund will be required to comply with the requirements of the Ordinance, which means that the Trust, the Sub-Fund and/or their agents shall obtain and provide to the IRD the required information relating to Unitholders where required.

The Ordinance as implemented by Hong Kong requires the Trust and the Sub-Fund and/or its agents to, amongst other things: (i) register the Trust and the Sub-Fund status as a “Reporting Financial Institution” with the IRD where required; (ii) conduct due diligence on its account holders (i.e. Unitholders) to identify whether any such accounts are considered “Reportable Accounts” under the Ordinance; and (iii) report to the IRD information on such Reportable Accounts on an annual basis. The IRD is expected on an annual basis to transmit the required information reported to it to the competent authorities of the relevant Reportable Jurisdiction(s). Broadly, CRS requires that Hong Kong FIs should report on: (i) individuals or entities that are tax resident in a Reportable Jurisdiction; and (ii) certain entities controlled by individuals who are tax resident in a Reportable Jurisdiction. Under the Ordinance, details of reportable Unitholders or their controlling persons (as the case may be), including but not limited to their name, place / date of birth, address, jurisdiction of tax residence, tax identification number(s) (if any), account details, account balance/value of the interest in the Sub-Fund, and income or sale or redemption proceeds, are required to be reported to the IRD and subsequently exchanged with competent authorities in the relevant Reportable Jurisdiction(s).

By investing in the Sub-Fund and/or continuing to invest in the Sub-Fund, Unitholders acknowledge that they may be required to provide additional information to the Trust, the Sub-Fund, the Manager and/or the Trust’s or the Sub-Fund’s agents in order for the Trust and the Sub-Fund to comply with the Ordinance. The Unitholder’s information (and information on controlling persons including beneficial owners, beneficiaries, direct or indirect shareholders or other persons associated with such Unitholders as appropriate), may be exchanged by the IRD to authorities in other jurisdictions. The failure of a Unitholder to provide any requested information, may result in the Trust, the Sub-Fund, the Manager and/or other agents of the Trust and the Sub-Fund taking any action and/or pursue remedies at their disposal including, without limitation, mandatory redemption or withdrawal of the Unitholder concerned.



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

## **Mainland China Taxation**

The following is based on the Manager's understanding of certain aspects of the tax laws, regulations and practice currently in force in Mainland China with respect to an investment in the Sub-Fund. It is not intended or written to be used, by any taxpayer in order to avoid taxes which may be imposed on the taxpayer under Mainland China tax law or the tax law of any other country or jurisdiction. No guarantee can be given that the tax position at the date of this Prospectus or at the time of an investment will endure indefinitely. Each taxpayer should seek tax advice from an independent tax advisor based on the taxpayer's particular circumstances.

In Mainland China, under the current regulatory environment, foreign investors are allowed to invest in China A-shares, bonds and certain financial instruments through QFI, Stock Connect and Bond Connect schemes.

With the implementation of the new QFI scheme from 1 November 2020, foreign institutional investors are allowed to invest in more diversified financial instruments, including certain derivatives products, etc. Following that, investments including commodity futures, commodity options and stock options in exchange market are also allowed for QFI.

Under the prevailing Mainland China tax regimes, foreign investment in China, bonds and other financial instruments would normally be subject to Corporate Income Tax ("CIT"), Withholding Income Tax ("WHT"), Value Added Tax ("VAT") and Stamp Duty ("SD").

### General Mainland China Taxation

#### *Corporate Income Tax ("CIT")*

Under the prevailing Mainland China CIT Law, a China Tax Resident Enterprise ("TRE") is subject to CIT on its worldwide income. A foreign enterprise with a "place of effective management" within the PRC is also regarded as a Mainland China TRE.

The "place of effective management" refers to the place where the exercise, in substance, of the overall management and control of the production and business operation, personnel, accounts and assets is located.

A non-TRE with an establishment or a place of business in Mainland China shall pay CIT on income derived by such establishment or place from sources in Mainland China as well as income derived from outside Mainland China that is effectively connected with such establishment or place.

An "establishment or place" is defined under Mainland China CIT law as an establishment or place in Mainland China engaging in production and business operations, including management and business organisations, representative offices, places where natural resources are exploited, labour services are rendered, contractor projects are undertaken, and other establishments or places where production and business activities are undertaken. Business agents who regularly sign contracts, store and deliver goods, etc. on behalf of non-TREs would also be regarded as creating an establishment or place of business in Mainland China under CIT law.

Under the CIT law, the standard CIT rate is 25%.

A non-TRE that has no establishment or place in Mainland China is taxed only on its Mainland China-source income. A unilateral concessionary rate of 10% WHT will be applied on gross income derived from dividends, interest and other Mainland China-source passive income unless any specific exemption or reduction is available under current Mainland China tax laws, tax treaties or tax arrangements.

The Trust together with the Manager, do not intend to operate in a way that would cause the Sub-Fund to be treated as a Mainland China TRE or to have an establishment or a place in Mainland China, although this cannot be guaranteed. It is possible, however, that the Mainland China tax authority could disagree with such an assessment or that changes in Mainland China tax law could affect the Mainland China CIT status of the Sub-Fund.

If the Sub-Fund does not have a place of effective management, an establishment or a place of business in Mainland China, the Sub-Fund will normally be regarded as a non-TRE.

Generally, QFIs would be subject to Mainland China WHT at 10% on its gross income from dividends, interest and capital gains realised from the holding and disposal of the shares in the PRC investee companies unless reduced/waived under Mainland China tax laws and regulations or relevant tax treaties/tax arrangements.

#### *Value-added Tax (“VAT”)*

Under the prevailing Mainland China VAT regulations, general payers and smallscale payers are subject to different VAT calculation methods and different VAT rates.

Foreign investors are subject to VAT at 6% which is applicable to general payers on the gains derived from trading financial products in Mainland China (including trading equity or equity-linked securities) and interest income from Mainland China. According to Circular Caishui [2016] No. 36 (“Circular 36”), deposit interest income is not subject to VAT. Interest income derived from government bonds and local government bonds are exempted from VAT. Other VAT-exempted regulations for different types of income are as follows.

#### *Stamp Duty (“SD”)*

According to the Mainland China SD law which came into effect from 1 July 2022, SD is levied on certain taxable documents executed or used in the territory of Mainland China. Trading securities in Mainland China is also subject to SD.

The sale or purchase of Mainland China domestic bonds investments does not fall in the SD taxable scope and is not subject to Mainland China SD.

### Mainland China Bonds Investment via Bond Connect, QFI and Foreign Access Regime

#### *Interest*

Pursuant to Public Notice 34 jointly issued by the Ministry of Finance and the State Taxation Administration on 22 November 2021, interest income derived by overseas institutional investors from the domestic bond market are temporarily exempt from CIT/WHT and VAT during the period from 7 November 2021 to 31 December 2025 provided that such bond interest is not derived by the establishment or place of business of the overseas investors in Mainland China or effectively connected with such establishment or place. However, it is uncertain whether this temporary exemption will be further extended after expiration.

#### *Capital gains*

Under the prevailing Mainland China tax regime, there are no specific rules or regulations governing the CIT/WHT treatment on the capital gains derived by foreign investors from trading Mainland China bonds. In practice, Mainland China tax authorities have not taken active actions to collect CIT/WHT on the capital gains derived by foreign investors from trading Mainland China bonds.

According to the Operational Procedures for Overseas Institutional Investors to Enter China Interbank Bond Market prescribed by the PBOC in November 2017, capital gains derived by foreign investors from trading the domestic bond instruments through Mainland inter-bank bond market is

exempt from CIT/WHT. However, it is uncertain how long the exemption will last.

Therefore, the capital gains derived by foreign investors from trading Mainland China bonds are not subject to Mainland CIT/WHT, unless Mainland China tax authorities issue specific tax rules in the future to state otherwise.

Pursuant to Circular Caishui [2016] No.36 and Circular Caishui [2016] No.70, VAT exemption would be granted to capital gains derived from the following transactions:

- a) QFII/RQFII entrust Mainland China domestic companies to conduct securities trading in Mainland China; or
- b) Bond trading conducted by foreign institutions approved by PBOC through Mainland inter-bank bond market.

### Investment in New Assets Classes

In Mainland China, new QFI scheme became effective on 1 November 2020 with significant changes, including the consolidation of previous QFII and RQFII schemes and expansion of QFI's investment scope, etc.

The prevailing Mainland China tax laws may not fully cover the tax treatment on the income derived from new permissible asset classes upon the implementation of new QFI scheme. The current tax policies could be a reference. However, it is subject to further clarification of regulatory and tax authorities on the tax treatment on investment in new asset classes.

Any Mainland China tax liabilities and/or amounts that are levied in connection with Mainland China CIT, WHT, VAT and SD on the gains or income of the Sub-Fund's investments made through QFI, Bond Connect and Foreign Access Regime may ultimately be recharged to and borne by the Sub-Fund. In light of the foregoing, the Sub-Fund reserves the right to provide for Mainland China taxes on such gains or income and withhold Mainland China taxes for the account of the Sub-Fund. Accordingly, the value and profitability of the Sub-Fund may be affected.

It should also be noted that the actual Mainland China taxes imposed by Mainland China tax authorities may be different and may change from time to time. There is a possibility of regulatory changes and Mainland China taxes being applied retrospectively. There are also risks and uncertainties associated with the current Mainland China tax laws, regulations and practice. Such changes or uncertainties may result in higher taxation on Mainland China investments than currently contemplated. As such, any provision for taxation made by the Manager may be excessive or inadequate to meet ultimate Mainland China tax liabilities. Consequently, investors may be advantaged or disadvantaged depending upon the ultimate Mainland China tax liabilities, the level of provision and when they subscribed and/or redeemed their shares in the Sub-Fund.

Investors should seek their own tax advice on their tax position with regard to their investment in the Sub-Fund.

### **FATCA and compliance with US withholding requirements**

The US FATCA imposes a reporting and withholding regime with respect to certain payments to foreign financial institutions, such as each sub-fund. Under FATCA, investment income including dividends and interest and, potentially on a future date, gross proceeds from securities of U.S. issuers ("Withholdable Payments") may be subject to withholding at a rate of 30%, unless the recipient of the payment satisfies certain requirements intended to enable the IRS to identify U.S. persons (within the meaning of the IRS code) with interests in such payments. To avoid such withholding on payments made to it, an FFI, such as each sub-fund (and, generally, other investment funds organised outside the U.S.) generally will be required to enter into an FFI Agreement with the IRS, under which it will agree to be treated as a participating FFI. Participating

FFIs generally will be required to identify its direct or indirect owners (under certain circumstances) who are U.S. persons and report certain information concerning such owners to the IRS. Also, an FFI may be required to withhold U.S. tax at a rate of 30% on certain payments to investors who fail to cooperate with certain information requests made by the participating FFI. Moreover, participating FFIs may be required to withhold such payments made to investors that are FFIs that have not entered into an FFI Agreement with the IRS or that are not otherwise deemed compliant with FATCA.

The United States and Hong Kong have entered into an IGA for the implementation of FATCA, adopting “Model 2” IGA arrangements on 13 November 2014. Under such “Model 2” IGA arrangements, FFIs in Hong Kong (such as the Sub-Fund) can enter into an FFI Agreement with the IRS, register with the IRS as Participating FFIs, and, with the consent of the Unitholders, disclose the required information regarding certain Unitholders to the IRS. Otherwise each sub-fund will be subject to 30% withholding tax on relevant U.S. sourced payments and other withholdable payments.

Under the IGA, FFIs in Hong Kong (such as the Sub-Fund) complying with the terms of an FFI Agreement (i) will generally not be subject to the above described 30% withholding tax; and (ii) will not be required to withhold tax on Withholdable Payments made to non-consenting U.S. accounts (i.e. accounts of which the holders do not consent to FATCA reporting and disclosure to the IRS) or close such accounts (provided that information regarding such account is reported to the IRS pursuant to the provisions of the IGA). Such FFIs, however, may be required to withhold tax on withholdable payments made to non-compliant FFIs.

The Sub-Fund has been registered with the IRS as a reporting Model 2 FFI and obtained a Global Intermediary Identification Number (“GIIN”) 6TE392.99999.SL.344. In order to protect Unitholders and avoid any withholding tax, it is the Manager’s intention to endeavour to satisfy the requirements imposed under FATCA, the IGA and the terms of an FFI Agreement. Broadly, the IGA requires each sub-fund to, amongst other things, (i) register as a “reporting financial institution” with the IRS; (ii) conduct due diligence on its accounts to identify whether any such accounts are considered “U.S. Accounts” under the IGA; and (iii) report to the IRS the required information on such U.S. Accounts on an annual basis. Hence it is possible that this may require the Sub-Fund (through its agents or service providers) as far as legally permitted, to report information on the holdings or investment returns of any Unitholder to the IRS or the local authorities pursuant to the terms of an applicable IGA (as the case may be), including certain Unitholders who fail to provide the information and documents required, or non-compliant FFIs or Unitholders that fall within other categories specified in the FATCA provisions and regulations. In any event, the Manager shall comply with personal data protection principles, and requirements as set out in the Personal Data (Privacy) Ordinance (Chapter 468 of the Laws of Hong Kong) and all other applicable regulations and rules governing personal data use in Hong Kong from time to time. As at the date of this Prospectus, all Units are registered in the name of HKSCC Nominees Limited. It is the Manager’s understanding that HKSCC Nominees Limited has registered as a participating foreign financial institution under the Model 2 IGA.

The Manager has obtained competent tax advice confirming that the Trust does not need to be registered with the IRS and that the registration of the Sub-Fund with the IRS satisfies the FATCA requirements.

Although the Manager and the Sub-Fund will endeavour to satisfy any obligations imposed on the Sub-Fund to avoid the imposition of FATCA withholding tax, no assurance can be given that the Sub-Fund will be able to fully satisfy these obligations. If the Sub-Fund becomes subject to a withholding tax as a result of FATCA, the Net Asset Value of the Sub-Fund may be adversely affected and the Sub-Fund and its Unitholders may suffer material loss.

The FATCA provisions are complex and continue to evolve. As such, the effects which the FATCA provisions may have on the Trust and each sub-fund may be subject to change. Withholding may apply to withholdable payments covered by FATCA if the Trust and each sub-fund cannot satisfy the applicable requirements and is determined to be non-compliant or if the Hong Kong government is found in breach of the terms of the agreed IGA. The above description is based in part on regulations, official guidance and Model 2 IGA, all of which are subject to change or may

be implemented in a materially different form. Nothing in this section constitutes or purports to constitute tax advice and Unitholders should not rely on any information set out in this section for the purposes of making any investment decision, tax decision or otherwise. All Unitholders should therefore consult their own tax and professional advisors regarding the FATCA requirements, possible implications and related tax consequences with respect to their own situation. In particular, Unitholders who hold their Units through intermediaries should confirm the FATCA compliance status of those intermediaries to ensure that they do not suffer the above-mentioned withholding tax on their investment returns.

## SCHEDULE 1

### INVESTMENT RESTRICTIONS, SECURITIES LENDING AND BORROWING

#### General

If any of the restrictions or limitations set out in this Schedule 1 is breached, the Manager will make it a priority objective to take all necessary steps within a reasonable period to remedy the situation, taking due account of the interests of the Unitholders.

The Trustee will take reasonable care to ensure compliance with the investment and borrowing limitations set out in the constitutive documents and the conditions under which the scheme was authorised.

#### Investment restrictions

The investment restrictions applicable to the Sub-Fund that are included in the Trust Deed are as summarised below:

- (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 may not exceed 10% of the total Net Asset Value of such Sub-Fund, save as permitted by Chapter 8.6(h) and as varied by Chapter 8.6(h)(a) of the Code:
  - (1) investments in Securities issued by such entity;
  - (2) exposure to such entity through underlying assets of FDIs; and
  - (3) net counterparty exposure to such entity arising from transactions of over-the-counter FDIs;
  
- (b) subject to (a) above and Chapter 7.28(c) of the Code and unless otherwise approved by the SFC, the aggregate value of the Sub-Fund's investments in, or exposure to, entities within the same group through the following may not exceed 20% of the total Net Asset Value of the Sub-Fund:
  - (1) investments in Securities issued by such entities;
  - (2) exposure to such entities through underlying assets of FDIs; and
  - (3) net counterparty exposure to such entities arising from transactions of over-the-counter FDIs;
  
- (c) unless otherwise approved by the SFC, the value of a Sub-Fund's cash deposits made with the same entity or entities within the same group may not exceed 20% of the total Net Asset Value of the Sub-Fund, unless:
  - (1) the cash is held before the launch of the Sub-Fund and for a reasonable period thereafter prior to the initial subscription proceeds being fully invested; or
  - (2) the cash is proceeds from liquidation of investments prior to the merger or termination of the Sub-Fund, whereby the placing of cash deposits with various financial institutions may not be in the best interest of investors; or
  - (3) the cash is proceeds received from subscriptions pending investments and held for the settlement of redemption and other payment obligations, whereby the placing of cash deposits with various financial institutions is unduly burdensome and the cash deposits arrangement would not compromise investors' interests;

For the purpose of this sub-paragraph (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) ordinary shares issued by any single entity (other than Government and other Public Securities) held for the account of the Sub-Fund, when aggregated with other ordinary shares of the same entity held for the account of all other sub-funds under the Trust collectively may not exceed 10% of the nominal amount of the ordinary shares issued by a single entity;
- (e) not more than 15% of the total Net Asset Value of the Sub-Fund may be invested in Securities and other financial products or instruments that are neither listed, quoted nor dealt in on a stock exchange, over-the-counter market or other organised securities market which is open to the international public and on which such Securities are regularly traded;
- (f) notwithstanding (a), (b), (d) and (e), where direct investment by the Sub-Fund in a market is not in the best interests of investors, the Sub-Fund may invest through a wholly-owned subsidiary company established solely for the purpose of making direct investments in such market. In this case:
  - (1) the underlying investments of the subsidiary, together with the direct investments made by the Sub-Fund, must in aggregate comply with the requirements of Chapter 7 of the Code;
  - (2) any increase in the overall fees and charges directly or indirectly borne by the Unitholders or the Sub-Fund as a result must be clearly disclosed in this Prospectus; and
  - (3) the Sub-Fund must produce the reports required by the Code in a consolidated form to include the assets (including investment portfolio) and liabilities of the subsidiary company as part of those of the Sub-Fund;
- (g) notwithstanding (a), (b) and (d), not more than 30% of the total Net Asset Value of the Sub-Fund may be invested in Government and other Public Securities of the same issue, except for a Sub-Fund which has been authorized by the SFC as an index fund, this limit may be exceeded with the approval of the SFC;
- (h) subject to (g), the Sub-Fund may fully invest in Government and other Public Securities in at least six different issues. Subject to the approval of the SFC, a Sub-Fund which has been authorised by the SFC as an index fund may invest all of its assets in Government and other Public Securities in any number of different issues;
- (i) unless otherwise approved by the SFC, the Sub-Fund may not invest in physical commodities;
- (j) for the avoidance of doubt, exchange traded funds that are:
  - (1) authorised by the SFC under Chapter 8.6 or 8.10 of the Code; or
  - (2) listed and regularly traded on internationally recognised stock exchanges open to the public (nominal listing not accepted) and (i) the principal objective of which is to track, replicate or correspond to a financial index or benchmark, which complies with the applicable requirements under Chapter 8.6 of the Code; or (ii) the investment objective, policy, underlying investments and product features of which are substantially in line with or comparable with those set out under Chapter 8.10 of the Code,

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

(k) where the Sub-Fund invests in shares or units of other collective investment schemes (“underlying schemes”),

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

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

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

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

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

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

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

(4) 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 a underlying scheme or the manager of an underlying scheme, or quantifiable monetary benefits in connection with investments in any underlying scheme;

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

(1) the underlying scheme (“master fund”) must be authorised by the SFC;



- (2) this Prospectus must state that:
- (i) the Sub-Fund is a feeder fund into the master fund;
  - (ii) for the purpose of complying with the investment restrictions, the Sub-Fund (i.e. feeder fund) and its master fund will be deemed a single entity;
  - (iii) the Sub-Fund (i.e. feeder fund)'s annual financial report must include the investment portfolio of the master fund as at the financial year end date; and
  - (iv) the aggregate amount of all the fees and charges of the Sub-Fund (i.e. feeder fund) and its master fund must be clearly disclosed;
- (3) unless otherwise approved by the SFC, no increase in the overall total of initial charges, redemption charges, Manager's annual fee, or any other costs and charges payable to the Manager or any of its Connected Persons borne by the Holders or by the Sub-Fund (i.e. feeder fund) may result, if the master fund in which the Sub-Fund (i.e. feeder fund) invests is managed by the Manager or by its Connected Person; and
- (4) notwithstanding paragraph (j)(iii) above, the master fund may invest in other collective investment scheme(s) subject to the investment restrictions as set out in paragraph (j); and
- (m) if the name of the Sub-Fund indicates a particular objective, investment strategy, geographic region or market, the Sub-Fund should, under normal market circumstances, invest at least 70% of its total Net Asset Value in securities and other investments to reflect the particular objective, investment strategy or geographic region or market which the Sub-Fund represents.

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

- (i) invest in a security of any class in any company or body if any director or officer of the Manager individually owns more than 0.5% of the total nominal amount of all the issued securities of that class or the directors and officers of the Manager collectively own more than 5% of those securities;
- (ii) invest in any type of real estate (including buildings) or interests in real estate (including options or rights, but excluding shares in real estate companies and interests in real estate investment trusts (REITs)). In the case of investments in such shares and REITs, they shall comply with the relevant investment restrictions and limitations set out in Chapter 7.1, 7.1A, 7.2, 7.3 and 7.11 of the Code, where applicable. For the avoidance of doubt, where investments are made in listed REITs, Chapters 7.1, 7.1A and 7.2, apply and where investments are made in unlisted REITs, which are either companies or collective investment schemes, then Chapters 7.3 and 7.11 apply respectively;
- (iii) make short sales if as a result such Sub-Fund would be required to deliver Securities exceeding 10% of the total Net Asset Value of such Sub-Fund (and for this purpose Securities sold short must be actively traded on a market where short selling is permitted). For the avoidance of doubt, the Sub-Fund is prohibited to carry out any naked or uncovered short sale of securities and short selling should be carried out in accordance with all applicable laws and regulations;
- (iv) subject to Chapter 7.3 of the Code, lend or make a loan out of the assets of such Sub-Fund, except to the extent that the acquisition of bonds or the making of a deposit (within the applicable investment restrictions) might constitute a loan;

- (v) subject to Chapter 7.3 of the Code, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person, save and except for Reverse Repurchase Transactions in compliance with the Code;
- (vi) enter into any obligation on behalf of such Sub-Fund or acquire any asset or engage in any transaction for the account of such Sub-Fund which involves the assumption of any liability which is unlimited. For the avoidance of doubt, the liability of Unitholders is limited to their investment in the Sub-Fund; or
- (vii) apply any part of such Sub-Fund in the acquisition of any investments which are for the time being nil paid or partly paid in respect of which a call is due to be made for any sum unpaid on such investments unless such call could be met in full out of cash or near cash forming part of such Sub-Fund whereby such amount of cash or near cash has not been segregated to cover a future or contingent commitment arising from transactions in FDIs) for the purposes of Chapter 7.29 and 7.30 of the Code.

### **Money market funds**

As a Sub-Fund which is authorised by the SFC as “money market funds” under Chapter 8.2 of the Code, the Sub-Fund is required to comply with the following investment restrictions:

- (1) subject to the provisions below, the Sub-Fund may only invest in short-term deposits and high quality money market instruments, and up to 10% in money market funds authorised by the SFC under Chapter 8.2 of the Code or regulated in a manner generally comparable with the requirements of the SFC and acceptable to the SFC;
- (2) the Sub-Fund must maintain a portfolio with weighted average maturity of 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:

- a. “weighted average maturity” is a measure of the average length of time to maturity of all the underlying securities in the Sub-Fund weighted to reflect the relative holdings in each instrument; and is used to measure the sensitivity of the Sub-Fund to changing money market interest rates; and
- b. “weighted average life” is the weighted average of the remaining life of each Security held in the Sub-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;

- (3) notwithstanding the above, the aggregate value of the Sub-Fund’s holding of instruments and deposits issued by a single entity may not exceed 10% of the total Net Asset Value of the Sub-Fund except:
  - a. 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
  - b. in the case of Government and other Public Securities, up to 30% may be invested in the same issue; or

- c. in respect of any deposit of less than USD1,000,000 or its equivalent in the base currency of the Sub-Fund, where the Sub-Fund cannot otherwise diversify as a result of its size.
- (4) notwithstanding paragraphs (b) and (c) under the section “Investment restrictions” above, the aggregate value of the Sub-Fund’s investments in Entities within the same group through instruments and deposits may not exceed 20% of its total Net Asset Value except:
- a. in respect of any cash deposit of less than USD1,000,000 or its equivalent in the base currency of the Sub-Fund, where the Sub-Fund cannot otherwise diversify as a result of its size; and
  - b. 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%;
- (5) notwithstanding the borrowing limit as set out below, the Sub-Fund may borrow up to 10% of its total Net Asset Value but only on a temporary basis for the purpose of meeting redemption requests or defraying operating expenses;
- (6) the value of the Sub-Fund’s holding of investments in the form of asset-backed securities may not exceed 15% of its total Net Asset Value;
- (7) subject to Chapter 7.32 to 7.38 of the Code, the Sub-Fund may engage in Sale and Repurchase Transactions and Reverse Repurchase Transactions in compliance with the following requirements:
- (1) the amount of cash received by the Sub-Fund under Sale and Repurchase Transactions may not in aggregate exceed 10% of its total Net Asset Value;
  - (2) the aggregate amount of cash provided to the same counterparty in reverse repurchase agreements may not exceed 15% of the Net Asset Value of the Sub-Fund;
  - (3) 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
  - (4) the holding of collateral, together with other investments of the Sub-Fund, must not contravene the investment limitations and requirements set out under this sub-section “Money market funds”;
- (8) the Sub-Fund may use FDIs for hedging purposes only;
- (9) the currency risk of the Sub-Fund shall be appropriately managed and any material currency risk that arises from investments that are not denominated in the base currency shall be appropriately hedged;
- (10) the Sub-Fund must hold at least 7.5% of its total Net Asset Value in daily liquid assets and at least 15% of its total Net Asset Value in weekly liquid assets.

For the purposes herein:

- a. 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
- b. 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; and

- (11) a Sub-Fund that offers a stable or constant Net Asset Value or which adopts an amortised cost accounting for valuation of its assets may only be considered by the SFC on a case-by-case basis.

### **Securities financing transactions**

According to the Trust Deed, the Sub-Fund may enter into Securities Lending Transactions, Sale and Repurchase Transactions and Reverse Repurchase Transactions (“securities financing transactions”), provided that they are in the best interests of the Unitholders, the associated risks have been properly mitigated and addressed, and the counterparties to the securities financing transactions are financial institutions which are subject to ongoing prudential regulation and supervision.

Where the Sub-Fund engages in securities financing transactions, it is subject to the following requirements:

- it shall have at least 100% collateralisation in respect of the securities financing transactions into which it enters to ensure there is no uncollateralised counterparty risk exposure arising from these transactions;
- all the revenues arising from securities financing transactions, net of direct and indirect expenses as reasonable and normal compensation for the services rendered in the context of the securities financing transactions, shall be returned to the Sub-Fund;
- it shall ensure that it is able to at any time to recall the securities or the full amount of cash (as the case may be) subject to the securities financing transactions or terminate the securities financing transactions into which it has entered.

Further, details of the arrangements are as follows:

- **Revenues and Expenses**

All revenues arising from securities financing transactions, net of direct and indirect expenses as reasonable and normal compensation for the services rendered in the context of the securities financing transactions, shall be returned to the Sub-Fund. Such direct and indirect expenses shall include brokerage fees, stamp duty, and tax levies associated with securities financing transactions, as well as fees and expenses payable to securities lending agents engaged for the Sub-Fund from time to time. Such fees and expenses of any securities lending agents engaged for the Sub-Fund, will be at normal commercial rates and will be borne by the 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 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 or its Connected Persons (if any).

- **Eligible Counterparties**

The Manager has counterparty selection policies and control measures to manage the credit risks of counterparties of securities financing 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 counterparties of securities financing 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 must have a good credit rating, either assigned by an internationally recognized credit agency or assessed by the Manager according to its internal credit rating mechanism.

- Form and nature of collateral to be received

The Trustee, upon the instruction of the Manager, will take collateral, which can be cash or non-cash assets fulfilling the requirements under section “Collateral” below.

- Maximum and expected level of assets available to securities financing transactions

The maximum and expected level of the Sub-Fund’s assets available for these transactions will be as set out under section “Investment Strategy” above.

- 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 the Sub-Fund’s investment objective and policy.

- Connected person(s) arrangement

Where any securities financing transaction is arranged through the Trustee or a Connected Person of the Trustee (e.g. the Custodian) or the Manager, such transactions carried out by or on behalf of a Sub-Fund will be executed at arm’s length, on the best available terms and in the best interest of the Unitholders.

- Safekeeping arrangement

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

Assets provided: Assets (including any collateral) provided to a counterparty under a title-transfer arrangement shall no longer belong to the Sub-Fund and the Trustee shall not be liable for the acts and omissions of such counterparty in whose name such collateral transferred to it. Assets (including any collateral) provided to a counterparty other than under a title-transfer arrangement shall be in the name of or to the order of the Trustee. Upon the exercise of a right of re-use by a counterparty, such assets will not be safe-kept by the Trustee or a correspondent and such counterparty may use the assets at its absolute discretion.

## **Financial derivative instruments**

Subject always to the provisions of the Trust Deed and the Code, the Manager may on behalf of the Sub-Fund enter into any transactions in relation to FDIs.

According to the Trust Deed, the Sub-Fund may acquire FDIs for hedging purpose. The FDIs shall meet all of the following criteria to be considered as being acquired for hedging purposes:

- (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 of risks arising from the investments being hedged;
- (c) although they may not necessarily reference to the same underlying assets, they should

relate to the same asset class with high correlation in terms of risks and return, and involve taking opposite positions, in respect of the investments being hedged; and

- (d) they should exhibit price movements with high negative correlation with the investments being hedged under normal market conditions. Hedging arrangement should be adjusted or re-positioned, where necessary and with due consideration on the fees, expenses and costs, to enable the Sub-Fund to meet its hedging objective in stressed or extreme market conditions.

According to the Trust Deed, the Sub-Fund may acquire FDIs for non-hedging purposes (“investment purposes”), subject to the limit that the Sub-Fund’s net exposure relating to these FDIs (“net derivative exposure”) does not exceed 50% of its total Net Asset Value (unless otherwise approved by the SFC for the Sub-Fund pursuant to Chapter 8 of the Code). For the avoidance of doubt:

- (a) for the purpose of calculating net derivative exposure, the positions of FDIs acquired by the Sub-Fund for investment purposes are converted into the equivalent position in the underlying assets of the FDIs, taking into account the prevailing market value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions;
- (b) the net derivative exposure should be calculated in accordance with the requirements and guidance issued by the SFC which may be updated from time to time; and
- (c) FDIs acquired for hedging purposes will not be counted towards the 50% limit referred to in this paragraph so long as there is no residual derivative exposure arising from such hedging arrangement.

Subject to the above, the Sub-Fund may invest in FDIs provided that the exposure to the underlying assets of the FDI, 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 the relevant provisions of Chapter 7 of the Code.

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

- (a) the underlying assets consist solely of shares in companies, debt Securities, money market instruments, units/shares of collective investment schemes, deposits with Substantial Financial Institutions, Government and other Public Securities, highly-liquid physical commodities (including gold, silver, platinum and crude oil), financial indices, interest rates, foreign exchange rates or currencies or other asset classes acceptable to the SFC, in which the Sub-Fund may invest according to its investment objectives and policies. Where a Sub-Fund invests in index-based FDIs, the underlying assets of such financial derivative instruments are not required to be aggregated for the purposes of the investment restrictions or limitations set out in Chapters 7.1, 7.1A, 7.1B and 7.4 of the Code provided that the relevant index is in compliance with Chapter 8.6(e) of the Code;
- (b) the counterparties to over-the-counter FDI transactions or their guarantors are Substantial Financial Institutions or such other entity acceptable to the SFC on a case by case basis;
- (c) subject to paragraphs (a) and (b) under the sub-section headed “Investment Restrictions” above, the Sub-Fund’s net counterparty exposure to a single entity arising from transactions of the over-the-counter FDIs may not exceed 10% of the Net Asset Value of the Sub-Fund. The exposure of the Sub-Fund to a counterparty of over-the-counter FDIs may be lowered by the collateral received (if applicable) by such Sub-Fund and shall be calculated with reference to the value of collateral and positive mark to market value of the over-the-counter FDIs with that counterparty, if applicable; and

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

The Sub-Fund shall at all times be capable of meeting all its payment and delivery obligations incurred under transactions in FDIs (whether for hedging or for investment purposes). The Manager shall, as part of its risk management process, monitor to ensure that the transactions in FDIs are adequately covered on an ongoing basis.

For the purposes herein, assets that are used to cover the Sub-Fund's payment and delivery obligations incurred under transactions in FDIs should 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. A transaction in FDIs which gives rise to a future commitment or contingent commitment of the Sub-Fund should also be covered as follows:

- in the case of FDI transactions which will, or may at the Sub-Fund's discretion, be cash settled, the Sub-Fund should at all times hold sufficient assets that can be liquidated within a short timeframe to meet the payment obligation; and
- in the case of FDI transactions which will, or may at the counterparty's discretion, require physical delivery of the underlying assets, the Sub-Fund should hold the underlying assets in sufficient quantity at all times to meet the delivery obligation. If the Manager considers the underlying assets to be liquid and tradable, the Sub-Fund may hold other alternative assets in sufficient quantity as cover, provided that such assets may be readily converted into the underlying assets at any time to meet the delivery obligation. In the case of holding alternative assets as cover, the Sub-Fund should apply safeguard measures such as to apply haircut where appropriate to ensure that such alternative assets held are sufficient to meet its future obligations.

The above policies relating to FDIs apply to financial instruments which embeds a financial derivative as well. For the purposes herein, an "embedded financial derivative" is a financial derivative instrument that is embedded in another security.

## **Collateral**

Collateral received from counterparties shall comply with the following requirements:

- Liquidity – collateral must be sufficiently liquid and tradable in order that it can be sold quickly at a robust price that is close to pre-sale valuation. Collateral should normally trade in a deep and liquid marketplace with transparent pricing;
- Valuation – collateral should be marked-to-market daily by using independent pricing source;
- Credit quality – asset used as collateral must be of high credit quality and should be replaced immediately as soon as the credit quality of the collateral or the issuer of the asset being used as collateral has deteriorated to such a degree that it would undermine the effectiveness of the collateral;
- Haircut - collateral should be subject to prudent haircut policy which should be based on the market risks of the assets used as collateral in order to cover potential maximum expected decline in collateral values during liquidation before a transaction can be closed out with due consideration on stress period and volatile markets. The price volatility of the asset used as collateral should be taken into account when devising the haircut policy;

- Diversification – collateral must be appropriately diversified to avoid concentrated exposure to any single entity and/or entities within the same group and the Sub-Fund’s exposure to issuer(s) of the collateral should be taken into account in compliance with the investment restrictions and limitations set out in Chapters 7.1, 7.1A, 7.1B, 7.4, 7.5, 7.11, 7.11A, 7.11B and 7.14 of the Code;
- Correlation – the value of the collateral should not have any significant correlation with the creditworthiness of the counterparty or the issuer of the FDIs in such a way that it would undermine the effectiveness of the collateral. As such, securities issued by the counterparty or the issuer of the FDIs, or the counterparty of Securities Financing Transactions or any of their related entities should not be used as collateral;
- Management of operational and legal risks – the Manager must have appropriate systems, operational capabilities and legal expertise for proper collateral management;
- Independent custody – collateral must be held by the Trustee;
- Enforceability – collateral must be readily accessible/enforceable by the Trustee without further recourse to the issuer of the FDIs or the counterparty of the securities financing transactions;
- Re-investment – cash collateral received may only be reinvested in short-term deposits, high quality money market instruments and money market funds authorised under Chapter 8.2 of the Code or regulated in a manner generally comparable with the requirements of the SFC and acceptable to the SFC, and subject to corresponding investment restrictions or limitations applicable to such investments or exposure as set out in Chapter 7 of the Code:

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

- non-cash collateral received may not be sold, re-invested or pledged;
- the portfolio of assets from re-investment of cash collateral shall comply with the requirements as set out in Chapter 8.2(f) and Chapter 8.2(n) of the Code;
- cash collateral received is not allowed to be further engaged in any securities financing transactions; and
- 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;
- Encumbrances - collateral should be free of prior encumbrances; and
- Collateral generally should not include (i) structured products whose payouts rely on embedded FDIs or synthetic instruments; (ii) securities issued by special purpose vehicles, special investment vehicles or similar entities; (iii) securitised products; or (iv) unlisted collective investment schemes.

Subject to the requirements above, below is a summary of the collateral policy and criteria adopted by the Manager:

- eligible collateral include cash, cash equivalents, government bonds, supranational bonds,



corporate bonds, stocks, funds and money market instruments;

- there is no criteria on maturity of eligible collateral;
- the issuer of collateral must be of high quality, good reputation, solid financial status and the rating by a recognised credit rating agency shall be taken into account in the credit assessment process; debt instruments must be rated investment grade or above to be eligible;
- regular stress tests are carried out under normal and exceptional liquidity conditions to enable an adequate assessment of the liquidity risks attached to the collateral;
- the haircut policy takes account of market volatility, the foreign exchange volatility between collateral asset and underlying agreement, liquidity and credit risk of the collateral assets, and the counterparty's credit risk (for each eligible security type). Haircuts shall be set to cover the maximum expected decline in the market price of the collateral asset (over a conservative liquidation horizon) before a transaction can be closed out;
- the non-cash collateral would be sufficiently diversified in terms of different parameter such as countries, markets and issuers;
- the collateral received would be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty;
- collateral must be readily enforceable by the Trustee and may be subject to netting or set-off; and
- cash collateral may only be reinvested in short-term deposits, high quality money market instruments and money market funds authorised by the SFC or regulated in a manner generally comparable with the requirements of the SFC. The maximum available for cash collateral re-investment is 100% of the cash value.

Where the Sub-Fund received collateral, a description of holdings of collateral (including but not limited to a description of the nature of collateral, identity of the counterparty providing the collateral, value of the Sub-Fund (by percentage) secured/ covered by collateral with breakdown by asset class/nature and credit rating (if applicable)) will be disclosed in the Sub-Fund's annual and interim reports for the relevant period as required under Appendix E of the Code.

### **Borrowing policy**

Borrowing against the assets of the Sub-Fund is allowed up to a maximum of 10% of its total Net Asset Value. For this purpose, back-to-back loans do not count as borrowing. Securities Lending Transactions and Sale and Repurchase Transactions in compliance with the requirements as set under the sub-section headed "Securities financing transactions" above are also not borrowings for the purpose of, and are not subject to the borrowing restrictions under this section. The Trustee may at the request of the Manager borrow for the account of the Sub-Fund any currency, and charge or pledge assets of the Sub-Fund, for the following purposes:

- (a) facilitating the creation or redemption of Units or defraying operating expenses;
- (b) enabling the Manager to acquire Securities for the account of the Sub-Fund; or
- (c) for any other proper purpose as may be agreed by the Manager and the Trustee from time to time, except to enhance the performance of any Sub-Fund.

## SCHEDULE 2

### PROVISIONS RELATING TO THE OFFER, CREATION, REDEMPTION, LISTING AND TRADING OF THE LISTED CLASS OF UNITS

*This Schedule 2 contains disclosure relating to the Listed Class of Units only. Unless the context otherwise requires, references to “Units” and “Unitholders” in this Schedule shall be construed to refer to the Listed Class of Units of the Sub-Fund or a Unitholder of such Units. Save for terms defined below, all other terms used in this Schedule shall have the same meanings as assigned to them under the main part of the Prospectus. Please refer to Schedule 3 for information relating to the offer, subscription, switching and redemption of the Unlisted Class(es) of Units.*

### THE OFFERING PHASES

#### *Initial Offer Period*

During the Initial Offer Period, Participating Dealers (acting for themselves or for their clients) may apply for Units (to be available for trading on the Listing Date) by means of a cash Creation Application (in RMB only) on each Dealing Day for themselves and/or their clients by transferring cash in accordance with the Operating Guidelines.

The latest time for making a cash Creation Application for Units is 4:00 p.m. (Hong Kong time), 2 Business Days prior to the Listing Date, or such other time as the Manager (with the approval of the Trustee) may determine on any day when the trading hours of the SEHK are reduced.

To be dealt with during the Initial Offer Period, the relevant Participating Dealer must submit the Creation Applications to the Registrar (with a copy to the Manager) before the above deadline.

If a Creation Application is received by the Registrar after 2 Business Days prior to the Listing Date, that Creation Application shall be carried forward and deemed to be received at the opening of business on the Listing Date, which shall be the Dealing Day for the purposes of that Creation Application.

Creation Applications must be made in Application Unit Size, which is currently 500 Units or such other numbers of Units as the Manager may determine, approved by Trustee and notified to the Participating Dealers. During the Initial Offer Period the Participating Dealers (acting for themselves or for their clients) can apply for Units on each Dealing Day at the Initial Issue Price.

Please refer to the section headed “Creations and Redemptions (Primary Market)” for the operational procedures in respect of Creation Applications.

#### *After Listing*

The After Listing phase commences on the Listing Date and continues until the Sub-Fund is terminated. Dealings in the Units on the SEHK commenced on 12 July 2023.

You can acquire or dispose the Units in either of the following two ways:

- (a) buy and sell Units on the SEHK; or
- (b) apply for creation and redemption of Units through Participating Dealers.

#### *Buying and Selling of Units on the SEHK*

After Listing, all investors can buy and sell Units in Trading Board Lot Size (as described in the section headed “Summary” under the sub-section “Key Information applicable to Listed Class of Units only”) or whole multiples thereof like ordinary listed stocks through an intermediary such as a

stockbroker or through any of the share dealing services offered by banks or other financial advisers at any time the SEHK is open.

However, please note that transactions in the secondary market on the SEHK will occur at market prices which may vary throughout the day and may differ from Net Asset Value per Unit due to market demand and supply, liquidity and scale of trading spread for the Units in the secondary market. As a result, the market price of the Units in the secondary market may be higher or lower than Net Asset Value per Unit.

Please refer to the section headed “Exchange Listing and Trading (Secondary Market)” below for further information in respect of buying and selling of Units on the SEHK.

#### *Creations and Redemptions through Participating Dealers*

Units will continue to be created and redeemed at the Issue Price and the Redemption Value respectively through Participating Dealers in Application Unit Size. As at the date of this Prospectus, only cash creations and redemptions are permitted by the Manager. The Application Unit Size is set out in the section headed “Summary” under the sub-section “Key Information applicable to Listed Class of Units only”.

To be dealt with on a Dealing Day, i.e. Day T, the relevant Participating Dealer must submit the Creation Application to the Registrar (with a copy to the Manager) before the Dealing Deadline on the immediately preceding Dealing Day, i.e.: Day T-1. If a Creation Application is received on a day which is not a Dealing Day or is received after the Dealing Deadline of Day T-1, that Creation Application shall be treated as having been received at the opening of business on the next following Dealing Day, which shall be the relevant Dealing Day for the purposes of that Creation Application. Participating Dealers are under no obligation to create or redeem generally or for their clients and may charge their clients such fee or fees as such Participating Dealers determine.

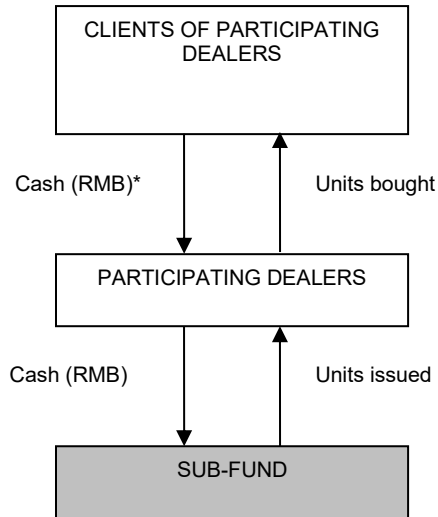
Settlement for subscribing Units is due by such time as agreed in the Operating Guidelines on the relevant Dealing Day or for redeeming of Units is due two Business Days after the Dealing Day, unless the Manager and Trustee agree with the relevant Participating Dealer to accept later settlement generally or in any particular case.

After Listing, all Units will be registered in the name of HKSCC Nominees Limited on the register of the Trust. The register of the Trust is the evidence of ownership of Units. The beneficial interests in Units of any client of the Participating Dealers shall be established through such client’s account with the relevant Participating Dealer or the PD Agent (as the case may be) or with any other CCASS participants if the client is buying from the secondary market.

#### *Diagrammatic illustration of investment in the Sub-Fund*

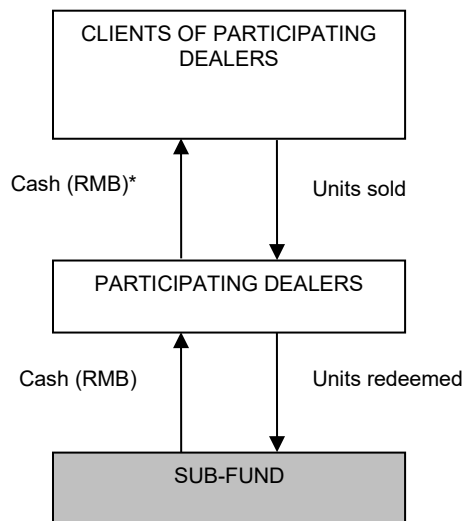
The diagrams below illustrate the issue or redemption and the buying or selling of Units:

- (a) Issue and buying of Units in the primary market – Initial Offer Period and After Listing



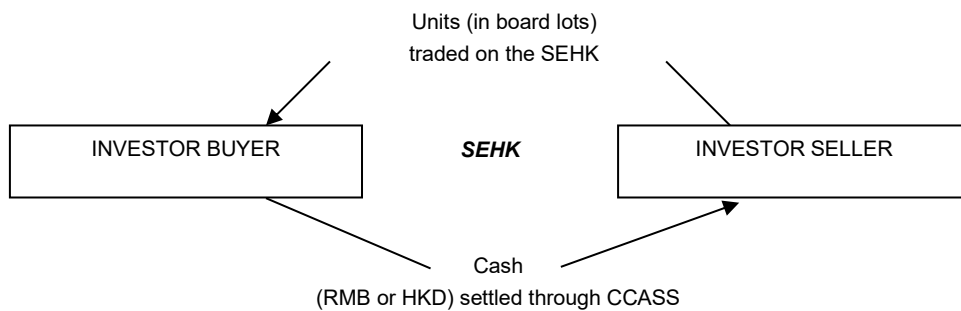
\*Clients of the Participating Dealers may agree with the Participating Dealers settlement in another currency.

(b) Redemption and sale of Units in the primary market – After Listing



\*Clients of the Participating Dealers may agree with the Participating Dealers settlement in another currency.

(c) Buying or selling of Units in the secondary market on the SEHK – After Listing



Summary of Offering Methods and Related fees

**Initial Offer Period**

| <b>Method of Offering</b> | <b>Minimum Number of Units (or such other number of Units as determined by the Manager, approved by the Trustee and notified to the Participating Dealers)</b> | <b>Channel</b>   | <b>Available to</b>   | <b>Consideration, Fees and Charges*</b>  |
|---------------------------|--|--|---|--|
| Cash creation (in RMB)    | 500 (Application Unit Size)  | Through Participating Dealers or through brokers that have an account with the Participating Dealers | Any person acceptable to the Participating Dealer as its client | <p>Cash based on the Initial Issue Price and the number of Units applied (payable in RMB only unless the Participating Dealer otherwise agrees)</p> <p>Brokerage fees and/or any fees and charges imposed by the Participating Dealer (payable in RMB unless the Participating Dealer otherwise agrees)</p> <p>Transaction Fee (payable in RMB)</p> <p>Duties and Charges (payable in RMB)</p> |

**After Listing**

| <b>Method of Acquisition or Disposal of Units</b>     | <b>Minimum Number of Units (or such other number of Units as determined by the Manager, approved by the Trustee and notified to the Participating Dealers)</b> | <b>Channel</b> | <b>Available to</b> | <b>Consideration, Fees and Charges*</b>   |
|---|--|----------------|---------------------|---|
| Purchase and sale in cash through brokers on the SEHK | Board lot of 1 Units   | On the SEHK    | Any investor        | Market price of Units on SEHK (in HKD for HKD traded Units and in RMB for RMB traded Units) |

|                                       |                             |                                    |   |   |
|---------------------------------------|-----------------------------|------------------------------------|---|---|
| (secondary market) (in HKD or RMB)    |                             |                                    |   | Brokerage fees (in such currency as determined by individual brokers), transaction levy, AFRC transaction levy and SEHK trading fee (in HKD)  |
| Cash creation and redemption (in RMB) | 500 (Application Unit Size) | Through Participating Dealers only | Any person acceptable to the Participating Dealer as its client | <p>Cash based on the Issue Price or the Redemption Value and the number of Units applied (payable in RMB only unless the Participating Dealer otherwise agrees)</p> <p>Any fees and charges imposed by the Participating Dealer (payable in RMB only unless the Participating Dealer otherwise agrees)</p> <p>Transaction Fee (payable in RMB)</p> <p>Duties and Charges (payable in RMB)</p> |

\* Please refer to the section headed "Fees and Expenses" for further details.

## **CREATIONS AND REDEMPTIONS (PRIMARY MARKET)**

There are two methods of making an investment in the Sub-Fund and of disposing of Units to realise an investment in the Sub-Fund.

The first method is to create or to redeem Units at Net Asset Value directly with the Sub-Fund in the primary market through a Participating Dealer, being a licensed dealer that has entered into a Participation Agreement in respect of the Sub-Fund. All creation and redemption for all Units must be in RMB. Because of the size of the capital investment (i.e. Application Unit Size) required either to create or redeem Units through the Participating Dealer in the primary market, this method of investment is more suitable for institutional investors and market professionals. Participating Dealers are under no obligations to create or redeem Units for their clients and may impose terms, including charges, for handling creation or redemption orders as they determine appropriate, as described in more detail in this section.

The second method is to buy or to sell Units in the secondary market on the SEHK which is more suitable for retail investors. The secondary market price of Units may trade at a premium or discount to the Net Asset Value of the Sub-Fund.

This section of this Prospectus describes the first method of investment and should be read in conjunction with the Operating Guidelines and the Trust Deed. The section headed “Exchange Listing and Trading (Secondary Market)” relates to the second method of investment.

### **Creation of Units through a Participating Dealer**

Any application for the creation of Units of the Sub-Fund must only be made through a Participating Dealer in respect of an Application Unit Size as set out in the section headed “Summary” under the sub-section “Key Information applicable to Listed Class of Units only”. Investors cannot acquire Units directly from the Sub-Fund. Only Participating Dealers may submit Creation Applications to the Registrar (with a copy to the Manager).

Units in the Sub-Fund are continuously offered through a Participating Dealer, who may apply for them during the Initial Offer Period and thereafter following the Listing Date on any Dealing Day for its own account or for your account as their client(s), in accordance with the Operating Guidelines, by submitting a Creation Application to the Registrar (with a copy to the Manager).

Each initial Participating Dealer has indicated to the Manager that it will generally accept and submit creation request(s) received from you as its client(s), subject always to (i) mutual agreement between the relevant initial Participating Dealer and you as to its fees for handling such request(s); (ii) completion to its satisfaction of client acceptance procedures and requirements; (iii) no objection from the Manager to create Units for the relevant initial Participating Dealer on your behalf (please refer to the sub-section headed “Creation process” below for the examples of exceptional circumstances under which the Manager shall have the right to reject a Creation Application); and (iv) mutual agreement between the relevant initial Participating Dealer and you as to the method of effecting such creation request(s).

In addition, a Participating Dealer reserves the right to reject, acting in good faith, any creation request received from a client under exceptional circumstances, including without limitation the following circumstances:

- (a) any period during which (i) the creation or issue of Units of the Sub-Fund, (ii) the redemption of Units of the Sub-Fund, and/or (iii) the determination of Net Asset Value of the Sub-Fund is suspended;

- (b) where there is in existence any trading restriction or limitation such as the occurrence of a market disruption event, suspected market misconduct or the suspension of dealing in relation to a substantial part of investments of the Sub-Fund;
- (c) where acceptance of the creation request would render the Participating Dealer in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Participating Dealer necessary for compliance with applicable legal and regulatory requirements;
- (d) circumstances outside the control of the Participating Dealer make it for all practicable purposes impossible to process the creation request; or
- (e) during any period when the business operations of the Participating Dealer are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riot, strikes or acts of God.

*Requirements relating to Creation Requests by potential investors*

As at the date of this Prospectus, only cash creation (in RMB only) is available to the Participating Dealers in respect of the Sub-Fund. A Participating Dealer may in its absolute discretion require a creation request received from its client be effected in a particular method. The Manager nonetheless reserves its right to require a Creation Application be effected in a particular method.

Notwithstanding the Dual-Counter, any cash payable by a Participating Dealer in a cash Creation Application must be in RMB. The process for creation of Units in the RMB counter and HKD counter is the same.

A Participating Dealer may impose fees and charges in handling any creation request which would increase the cost of investment. You are advised to check with the Participating Dealer as to relevant fees and charges. Although the Manager has a duty to monitor the operations of the Sub-Fund closely, neither the Manager nor the Trustee is empowered to compel a Participating Dealer to disclose its fees agreed with specific clients or other proprietary or confidential information to the Manager or the Trustee or to accept any such creation requests received from clients. In addition, neither the Trustee nor the Manager can ensure effective arbitrage by a Participating Dealer.

A Participating Dealer may also impose timing deadlines for the submission by its clients of any creation request and require any such clients to complete the relevant client acceptance procedures and requirements (including, where necessary, providing such documentation and certifications as required by the Participating Dealer) in order to ensure that an effective Creation Application in respect of the Sub-Fund can be submitted by it to the Registrar (with a copy to the Manager). You are advised to check with the Participating Dealer as to the relevant timing deadlines and the client acceptance procedures and requirements.

The Application Unit Size for the Sub-Fund is 500 Units (or multiples thereof). Creation Applications submitted in respect of Units other than in Application Unit Size will not be accepted.

*Creation process*

A Participating Dealer may from time to time submit Creation Applications in respect of the Sub-Fund to the Registrar, with a copy to the Manager, following receipt of creation requests from clients or where it wishes to create Units of the Sub-Fund for its own account.

To be dealt with on a Dealing Day, i.e. Day T, the relevant Participating Dealer must submit the Creation Application to the Registrar (with a copy to the Manager) before the Dealing Deadline on the immediately preceding Dealing Day, i.e.: Day T-1. If a Creation Application is received on a day which is not a Dealing Day or is received after the relevant Dealing Deadline of Day T-1, that Creation Application shall be treated as having been received at the opening of business on the next following Dealing Day, i.e.: T+1, which shall be the relevant Dealing Day for the purposes of



that Creation Application. The current Dealing Deadline After Listing is 4:00 p.m. (Hong Kong time) on the immediately preceding Dealing Day, or such other time as the Manager (with the written approval of Trustee) may determine on any day when the trading hours of the SEHK are reduced.

To be effective, a Creation Application must:

- (a) be given by a Participating Dealer in accordance with the Trust Deed, the relevant Participation Agreement and the relevant Operating Guidelines;
- (b) specify the number of Units and the class of Units (where applicable) which is the subject of the Creation Application; and
- (c) include the certifications required in the Operating Guidelines (if any) in respect of creations of Units, together with such certifications and opinions of counsel (if any) as each of the Trustee and the Manager may separately consider necessary to ensure compliance with applicable Securities and other laws in relation to the creation of Units which are the subject of the Creation Application.

The Manager shall have the right to reject, acting in good faith, any Creation Application under exceptional circumstances, including without limitation the following circumstances:

- (a) any period during which (i) the creation or issue of Units of the Sub-Fund, (ii) the redemption of Units of the Sub-Fund, and/or (iii) the determination of Net Asset Value of the Sub-Fund is suspended;
- (b) where in the opinion of the Manager, acceptance of the Creation Application would have an adverse effect on the Sub-Fund;
- (c) where in the opinion of the Manager, acceptance of the Creation Application would have a material impact on the market on which a substantial part of the investments of the Sub-Fund, has its primary listing;
- (d) where there is in existence any trading restriction or limitation such as the occurrence of a market disruption event, suspected market misconduct or the suspension of dealing in relation to a substantial part of the investments of the Sub-Fund;
- (e) where acceptance of the Creation Application would render the Manager in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Manager necessary for compliance with applicable legal and regulatory requirements;
- (f) circumstances outside the control of the Manager make it for all practicable purposes impossible to process the Creation Application;
- (g) during any period when the business operations of the Manager, the Trustee or any delegate of the Manager or the Trustee in respect of the Sub-Fund are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God; or
- (h) an insolvency event occurs in respect of the relevant Participating Dealer.

In the event of such rejection, the Manager shall notify the relevant Participating Dealer and the Trustee of its decision to reject such Creation Application in accordance with the Operating Guidelines. Where for any reason there is a limit to the number of Units which can be created, priority will be given to Participating Dealers and the relevant Creation Applications as set out in the Operating Guidelines.

The Manager's right to reject a Creation Application is separate and in addition to a Participating Dealer's right to reject, acting in good faith, any creation request received from a client of the Participating Dealer under exceptional circumstances. Notwithstanding a Participating Dealer has accepted creation requests from its clients and in that connection submitted an effective Creation Application, the Manager may exercise its rights to reject such Creation Application in the circumstances described herein.

Where the Manager accepts a Creation Application from a Participating Dealer, it shall instruct the Trustee to effect (a) for the account of the Sub-Fund, the creation of Units in Application Unit Size in exchange for cash payment (including any Duties and Charges); and (b) the issue of Units to the Participating Dealer, both in accordance with the Operating Guidelines and the Trust Deed.

#### *Issue of Units*

Units will be issued at the Issue Price prevailing on the relevant Dealing Day, provided that the Manager may add to such Issue Price such sum (if any) as represents an appropriate provision for Duties and Charges.

On receipt of a Creation Application by a Participating Dealer for Units in the Sub-Fund during the Initial Offer Period, the Manager shall procure the creation and issue of Units in the Sub-Fund on the Initial Issue Date.

No fractions of a Unit shall be created or issued by the Trustee.

The creation and issue of Units pursuant to a Creation Application shall be effected on the Settlement Day following the relevant Dealing Day on which the Creation Application is received (or deemed received) and accepted in accordance with the Operating Guidelines but (i) for valuation purposes only, Units shall be deemed created and issued after the Valuation Point on the Dealing Day on which the relevant Creation Application was received or deemed received, and (ii) the register will be updated on the Settlement Day or the Dealing Day immediately following the Settlement Day if the settlement period is extended. If a Creation Application is received on a day which is not a Dealing Day or is received after the relevant Dealing Deadline of Day T-1, that Creation Application shall be treated as having been received at the opening of business on the next following Dealing Day, i.e.: T+1, which shall be the relevant Dealing Day for the purposes of that Creation Application. An Extension Fee may be payable in relation to such an extension. See the section headed "Fees and Expenses" for further details.

The Trustee shall be entitled to refuse to enter (or allow to be entered) Units in the register if at any time the Trustee is of the opinion that the provisions as set out in the Trust Deed, the relevant Operating Guidelines or the relevant Participation Agreement, in regard to the issue of Units, are being infringed.

#### *Fees relating to Creation Applications*

The Trustee, the Registrar and/or the Service Agent may charge a Transaction Fee in respect of Creation Applications and may on any day vary the rate of the Transaction Fee they charge (but not as between different Participating Dealers in respect of the Sub-Fund). The Transaction Fee shall be paid by or on behalf of the Participating Dealer applying for such Units and may be set off and deducted against any cash amount due to the Participating Dealer in respect of such Creation Applications for the benefit of the Trustee, the Registrar and/or the Service Agent. See the section headed "Fees and Expenses" for further details.

In relation to cash creation of Units, the Manager reserves the right to require the Participating Dealer to pay an additional sum for the purpose of compensating or reimbursing the Sub-Fund for the difference between:

- (a) the prices used when valuing the Securities and/or Futures Contracts (as the case may be) of the Sub-Fund for the purpose of such issue of Units; and

- (b) the prices which would be used when acquiring the same Securities and/or Futures Contracts (as the case may be) if they were acquired by the Sub-Fund with the amount of cash received by the Sub-Fund upon such issue of Units.

The Participating Dealer may pass on to the relevant investor such additional sum.

Any commission, remuneration or other sum payable by the Manager to any agent or other person in respect of the issue or sale of any Unit shall not be added to the Issue Price of such Unit and shall not be paid from the assets of the Sub-Fund.

### **Cancellation of Creation Applications**

A Creation Application once given cannot be revoked or withdrawn without the consent of the Manager.

The Trustee, after consultation with the Manager, may cancel a creation order in respect of any Units deemed created pursuant to a Creation Application provided that the full amount of cash payable (including Transaction Fee and any Duties and Charges) relating to the Creation Application have not been received in cleared funds by or on behalf of the Trustee by the relevant time on the Settlement Day, provided that the Manager may at its discretion (i) extend the settlement period and such extension to be on such terms and conditions (including as to the payment of any fees including Extension Fee or collateral to the Manager, the Trustee or their Connected Persons or otherwise as it may determine) as the Manager may determine; or (ii) partially settle the Creation Application to the extent to which cash have been vested in, or to the account of the Trustee, on such terms and conditions as the Manager may with the approval of the Trustee determine including terms as to any extension of the settlement period for the outstanding cash.

In addition to the preceding circumstances, the Manager may also cancel any creation order of any Units if it determines by such time as it specifies in the Operating Guidelines that it is unable to invest the cash proceeds of any Creation Application.

Upon the cancellation of any creation order of any Units deemed created pursuant to a Creation Application as provided for above, any cash received by or on behalf of the Trustee in connection with a Creation Application shall be redelivered to the Participating Dealer (without interest) as soon as practicable and the relevant Units shall be deemed for all purposes never to have been created and the Participating Dealer shall have no right or claim against the Manager, the Trustee, the Registrar and/or the Service Agent in respect of such cancellation provided that:

- (a) the Trustee may charge the relevant Participating Dealer for the account of the Registrar an application cancellation fee (see the section headed "Fees and Expenses" for further details);
- (b) the Manager may at its absolute discretion require the Participating Dealer to pay to the Trustee, for the account of the Sub-Fund, in respect of each Unit so cancelled Cancellation Compensation, being the amount (if any) by which the Issue Price of each such Unit exceeds the Redemption Value which would have applied in relation to each such Unit if the Participating Dealer had, on the date on which such Units are cancelled, made a Redemption Application, together with charges, expenses and losses incurred by the Sub-Fund as a result of such cancellation;
- (c) the Transaction Fee in respect of such Creation Application shall remain due and payable (notwithstanding that the Creation Application shall be deemed to never have been made) and once paid shall be retained by and for the benefit of the Trustee, the Registrar and/or the Service Agent (see the section headed "Fees and Expenses" for further details); and
- (d) no previous valuations of the Trust Fund shall be re-opened or invalidated as a result of the cancellation of such Units.

## Redemption of Units through a Participating Dealer

Any application for the redemption of Units of the Sub-Fund must only be made through a Participating Dealer in respect of an Application Unit Size. Investors cannot redeem Units directly from the Sub-Fund. Only Participating Dealers may submit Redemption Applications to the Registrar (with a copy to the Manager).

A Participating Dealer may redeem Units on any Dealing Day for its own account or for the account of its clients in accordance with the Operating Guidelines, by submitting a Redemption Application to the Registrar (with a copy to the Manager).

In relation to cash redemption of Units as described above, the Manager reserves the right to require the Participating Dealer to pay an additional sum for the purpose of compensating or reimbursing the Sub-Fund for the difference between:

- (a) the prices used when valuing the Securities and/or Futures Contracts (as the case may be) of the Sub-Fund for the purpose of such redemption of Units; and
- (b) the prices which would be used when selling the same Securities and/or Futures Contracts (as the case may be) if they were sold by the Sub-Fund in order to realise the amount of cash required to be paid out of the Sub-Fund upon such redemption of Units.

The Participating Dealer may pass on to the relevant investor such additional sum.

Each initial Participating Dealer has indicated to the Manager that it will generally accept and submit redemption request(s) received from you as its client(s), subject always to (i) mutual agreement between the relevant initial Participating Dealer and you as to its fees for handling such request(s); (ii) completion to its satisfaction of client acceptance procedures and requirements; (iii) no objection from the Manager to redeem Units for the relevant initial Participating Dealer on your behalf (please refer to the sub-section headed "Redemption Process" below for the examples of exceptional circumstances under which the Manager shall have the right to reject a Redemption Application); and (iv) mutual agreement between the relevant initial Participating Dealer and you as to the method of effecting such redemption request(s).

In addition, a Participating Dealer reserves the right to reject, acting in good faith, any redemption request received from a client under exceptional circumstances, including without limitation the following circumstances:

- (a) any period during which (i) the creation or issue of Units of the Sub-Fund, (ii) the redemption of Units of the Sub-Fund, and/or (iii) the determination of Net Asset Value of the Sub-Fund is suspended;
- (b) where there is in existence any trading restriction or limitation such as the occurrence of a market disruption event, suspected market misconduct or the suspension of dealing in relation to a substantial part of the investments of the Sub-Fund;
- (c) where acceptance of the redemption request would render the Participating Dealer in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Participating Dealer necessary for compliance with applicable legal and regulatory requirements;
- (d) circumstances outside the control of the Participating Dealer make it for all practicable purposes impossible to process the redemption request; or
- (e) during any period when the business operations of the Participating Dealer are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riot, strikes or acts of God.

### *Requirements relating to Redemption Requests by Unitholders*

As at the date of this Prospectus, only cash redemption (in RMB only) is available to the Participating Dealers in respect of the Sub-Fund. A Participating Dealer may in its absolute discretion require a redemption request received from its client be effected in a particular method. The Manager nonetheless reserves its right to require a Redemption Application be effected in a particular method. For the avoidance of doubt, in the event that there is a conflict, the decision of the Manager prevails.

Notwithstanding the Dual-Counter, any cash proceeds received by a Participating Dealer in a cash Redemption Application shall be paid only in RMB. RMB traded Units and HKD traded Units may be redeemed by way of a Redemption Application (through a Participating Dealer). Where a Participating Dealer wishes to redeem HKD traded Units, the redemption process is the same as for RMB traded Units.

A Participating Dealer may impose fees and charges in handling any redemption request which would increase the cost of investment and/or reduce the redemption proceeds. You are advised to check with the Participating Dealer as to the relevant fees and charges. Although the Manager has a duty to monitor the operations of the Sub-Fund closely, neither the Manager nor the Trustee is empowered to compel a Participating Dealer to disclose its fees agreed with specific clients or other proprietary or confidential information to the Manager or the Trustee or to accept any such redemption requests received from clients. In addition, neither the Trustee nor the Manager can ensure effective arbitrage by a Participating Dealer.

A Participating Dealer may also impose timing deadlines for the submission by its clients of any redemption request and require any such clients to complete the relevant client acceptance procedures and requirements (including, where necessary, providing such documentation and certifications as required by the Participating Dealer) in order to ensure that an effective Redemption Application in respect of the Sub-Fund can be submitted by it to the Registrar (with a copy to the Manager). You are advised to check with the Participating Dealer as to the relevant timing deadlines and the client acceptance procedures and requirements.

### *Redemption Process*

A Participating Dealer may from time to time submit Redemption Applications in respect of the Sub-Fund to the Registrar (with a copy to the Manager), following receipt of redemption requests from clients or where it wishes to redeem Units of the Sub-Fund for its own account.

To be dealt with on a Dealing Day, i.e. Day T, the relevant Participating Dealer must submit the Redemption Application to the Registrar (with a copy to the Manager) before the Dealing Deadline on the immediately preceding Dealing Day, i.e.: Day T-1. If a Redemption Application is received on a day which is not a Dealing Day or is received after the relevant Dealing Deadline of Day T-1, that Redemption Application shall be treated as having been received at the opening of business on the next following Dealing Day, which shall be the relevant Dealing Day for the purposes of that Redemption Application. The current Dealing Deadline After Listing is 4:00 p.m. (Hong Kong time) on the immediately preceding Dealing Day, or such other time as the Manager (with the written approval of Trustee) may determine on any day when the trading hours of the SEHK are reduced.

To be effective, a Redemption Application must:

- (a) be given by a Participating Dealer in accordance with the Trust Deed, the relevant Participation Agreement and the relevant Operating Guidelines;
- (b) specify the number of Units and the class of Units (where applicable) which is the subject of the Redemption Application; and
- (c) include the certifications required in the Participation Agreement and Operating Guidelines (if any) in respect of redemptions of Units, together with such certifications and opinions of

counsel (if any) as the Trustee and the Manager may consider necessary to ensure compliance with applicable securities and other laws in relation to the redemption of Units which are the subject of the Redemption Application.

The Manager shall have the right to reject, acting in good faith, any Redemption Application under exceptional circumstances, including without limitation the following circumstances:

- (a) any period during which (i) the creation or issue of Units of the Sub-Fund, (ii) the redemption of Units of the Sub-Fund, and/or (iii) the determination of Net Asset Value of the Sub-Fund is suspended;
- (b) where in the opinion of the Manager, acceptance of the Redemption Application would have an adverse effect on the Sub-Fund;
- (c) where there is in existence any trading restriction or limitation such as the occurrence of a market disruption event, suspected market misconduct or the suspension of dealing in relation to a substantial part of the investments of the Sub-Fund;
- (d) where acceptance of the Redemption Application would render the Manager in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Manager necessary for compliance with applicable legal and regulatory requirements;
- (e) circumstances outside the control of the Manager make it for all practicable purposes impossible to process the Redemption Application; or
- (f) during any period when the business operations of the Manager, the Trustee or any delegate of the Manager or the Trustee in relation to the Sub-Fund are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God.

In the event of such rejection, the Manager shall notify the relevant Participating Dealer and the Trustee of its decision to reject such Redemption Application in accordance with the Operating Guidelines.

The Manager's right to reject a Redemption Application is separate and in addition to a Participating Dealer's right to reject, acting in good faith, any redemption request received from a client under exceptional circumstances. Notwithstanding a Participating Dealer has accepted redemption requests from clients and in that connection submitted an effective Redemption Application, the Manager may exercise its rights to reject such Redemption Application in the circumstances described herein.

Where the Manager accepts a Redemption Application from a Participating Dealer, it shall (a) effect the redemption and cancellation of the relevant Units; and (b) require the Trustee to transfer to the Participating Dealer cash in accordance with the Operating Guidelines and the Trust Deed.

The Participating Dealer will then transfer the cash to the relevant client if the Redemption Application was submitted by the Participating Dealer for the account of its client.

#### *Redemption of Units*

Any accepted Redemption Application will be effected on the Settlement Day provided that a Redemption Application duly signed by a Participating Dealer (to the satisfaction of the Manager and the Trustee) has been received and provided further that the Trustee shall have received (unless otherwise provided in the Operating Guidelines) the original (and not a faxed copy) of the certificates (if any) representing the Units to be cancelled (or an indemnity in terms acceptable to the Trustee) and the full amount of any amount payable by the Participating Dealer including the

Transaction Fee and any other Duties and Charges have been either deducted or otherwise paid in full.

For valuation purposes only, Units shall be deemed to have been redeemed and cancelled after the Valuation Point as at the Dealing Day on which the Redemption Application was received or deemed received. The name of the Unitholder of such Units shall be removed from the Register in respect of those Units redeemed and cancelled on the relevant Settlement Day.

The Redemption Value of Units tendered for redemption shall be the Net Asset Value per Unit of the Sub-Fund rounded to the nearest 4 decimal places (0.00005 or above being rounded up). The benefit of any rounding adjustments will be retained by the Sub-Fund. For the purpose of valuation, the relevant Valuation Point shall be the Valuation Point for the Dealing Day on which the Redemption Application is treated as having been received.

The interval between the receipt of a properly documented Redemption Application and settlement of redemption proceeds (which shall be in RMB only) may not exceed one calendar month provided that there is no delay in submitting all duly completed redemption documentation and the determination of the Net Asset Value or dealing in Units is not suspended.

The Manager, with the Trustee's consent, may at its discretion extend the settlement period upon receipt of the extended settlement request in respect of the Redemption Application on such terms and conditions (including as to the payment of any fees including Extension Fee to the Manager, the Trustee or their Connected Persons or otherwise as it may determine) as the Manager and the Trustee may determine, in accordance with the Operating Guidelines.

#### *Fees relating to Redemption Applications*

The Trustee, the Registrar and/or the Service Agent may charge a Transaction Fee in respect of Redemption Applications and may on any day vary the rate of the Transaction Fee they charge (but not as between different Participating Dealers in respect of the Sub-Fund). The Transaction Fee shall be paid by or on behalf of the Participating Dealer submitting the Redemption Application(s) (and may be set off and deducted against any amount due to the Participating Dealer in respect of such Redemption Application(s)) for the benefit of the Trustee, the Registrar and/or the Service Agent. See the section headed "Fees and Expenses" for further details.

The Trustee (on instructions of the Manager) may deduct from the redemption proceeds such sum (if any) as the Manager may consider represents an appropriate provision for the Transaction Fee and/or other Duties and Charges.

#### **Cancellation of Redemption Applications**

A Redemption Application once given cannot be revoked or withdrawn without the consent of the Manager.

No cash amount shall be paid in respect of any Redemption Application unless Units, which are the subject of the Redemption Application, have been delivered to the Trustee free and clear of any encumbrance for redemption by such time on the Settlement Day as the Trustee and the Manager shall for the time being prescribe for Redemption Applications generally.

In the event that Units, which are the subject of a Redemption Application, are not delivered to the Trustee for redemption in accordance with the foregoing or are not free and clear of any encumbrance:

- (a) the Trustee may charge the relevant Participating Dealer for the account of the Registrar an application cancellation fee (see the section headed "Fees and Expenses" for further details);

- (b) the Manager may at its discretion require the Participating Dealer to pay to the Trustee, for the account of the Sub-Fund, in respect of each Unit so cancelled Cancellation Compensation, being the amount (if any) by which the Redemption Value of each such Unit is less than the Issue Price which would have applied in relation to each such Unit if the Participating Dealer had, on the actual date when the Manager is able to repurchase any replacement Securities and/or Futures Contracts made a Creation Application in accordance with the provisions of the Trust Deed plus such other amount as the Manager reasonably determines as representing any charges, expenses and losses incurred by the Sub-Fund as a result of such cancellation;
- (c) the Transaction Fee in respect of such Redemption Application shall remain due and payable (notwithstanding that the Redemption Application shall be deemed to never have been made) and once paid, shall be retained by and for the benefit of the Trustee, the Registrar and/or the Service Agent (see the section headed "Fees and Expenses" for further details); and
- (d) no previous valuations of the Trust Fund shall be re-opened or invalidated as a result of an unsuccessful Redemption Application.

### **Deferred Redemption**

In the event that redemption requests are received for the redemption of Units (both Listed Class of Units and Unlisted Class of Units) representing in aggregate more than 10% (or such higher percentage as the Manager may determine in respect of the Sub-Fund and as permitted by the SFC) of the total Net Asset Value in the Sub-Fund then in issue, the Manager may direct the Trustee to reduce the requests rateably and pro rata amongst all Unitholders (both Listed Class of Units and Unlisted Class of Units) seeking to redeem Units on the relevant Dealing Day and carry out only sufficient redemptions which, in aggregate, amount to 10% (or such higher percentage as the Manager may determine in respect of the Sub-Fund) of the total Net Asset Value in the Sub-Fund then in issue. Units which are not redeemed but which would otherwise have been redeemed will be redeemed on the next Dealing Day (subject to further deferral if the deferred requests in respect of the Sub-Fund themselves exceed 10% (or such higher percentage as the Manager may determine in respect of that Sub-Fund) of the total Net Asset Value in the Sub-Fund then in issue) in priority to any other Units in the Sub-Fund for which redemption requests have been received. Units will be redeemed at the Redemption Value prevailing on the Dealing Day on which they are redeemed.

### **Suspension of creations and redemptions**

The Manager may, at its discretion, after consultation with the Trustee (and where practicable, after consultation with Participating Dealers), having regard to the best interests of the Unitholders, suspend the creation or issue of Units of the Sub-Fund, suspend the redemption of Units of the Sub-Fund and/or (subject to the relevant requirements of the Code where settlement of redemption proceeds exceeds one calendar month) delay the payment of any monies and/or transfer of any Securities in respect of any Creation Application or Redemption Application in the following circumstances:

- (a) during any period when trading on the SEHK or any other Recognised Stock Exchange or Recognised Futures Exchange is restricted or suspended;
- (b) during any period when a market on which a substantial part of the investments of the Sub-Fund, has its primary listing, or the official clearing and settlement depository (if any) of such market, is closed;
- (c) during any period when dealing on a market on which a substantial part of the investments of the Sub-Fund, has its primary listing is restricted or suspended;



- (d) during any period when, in the opinion of the Manager, settlement or clearing of Securities and/or Futures Contracts in the official clearing and settlement depository (if any) of such market is disrupted;
- (e) during the existence of any state of affairs as a result of which delivery or purchase of Securities and/or Futures Contracts, as appropriate or disposal of investments for the time being comprised in the Sub-Fund cannot, in the opinion of the Manager, be effected normally or without prejudicing the interests of Unitholders of the Sub-Fund;
- (g) during any breakdown in any of the means normally employed in determining the Net Asset Value of the Sub-Fund or when for any other reason the value of any Securities and/or Futures Contracts or other property for the time being comprised in the Sub-Fund cannot, in the opinion of the Manager, reasonably, promptly and fairly be ascertained;
- (h) during any period when the determination of the Net Asset Value of the Sub-Fund is suspended or if any circumstance specified in the section headed "Suspension of Net Asset Value" above arises; or
- (i) during any period when the business operations of the Manager, the Trustee or any delegate of the Manager or the Trustee in respect of the Sub-Fund are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riot, strikes or acts of God.

The Manager will, after consultation with the Trustee, having regard to the best interests of the Unitholders, suspend the right to subscribe for Units of the Sub-Fund if, or if as a result of the investment of the proceeds of issue of such Units in accordance with its investment objective, the Trust collectively holds or would hold in aggregate more than 10% of the ordinary shares issued by any single issuer or such other percentage permitted under Schedule 1. In addition, where the sub-funds under the Trust hold in aggregate more than the limit of 10% of the ordinary shares issued by any single issuer and the SFC has not agreed to waive this prohibition under the Code, the Manager will make it a priority objective to take all other necessary steps within a reasonable period to remedy such breach, taking into account the interests of the Unitholders.

The Manager shall notify the SFC and publish a notice of suspension following the suspension, and at least once a month during the suspension, on its website at [www.chinaamc.com.hk](http://www.chinaamc.com.hk) or in such other publications as it decides.

The Manager shall consider any Redemption Application or any Creation Application received during the period of suspension (that has not been otherwise withdrawn) as having been received immediately following the termination of the suspension. The period for settlement of any redemption will be extended by a period equal to the length of the period of suspension.

A Participating Dealer may, at any time after a suspension has been declared and before termination of such suspension, withdraw any Creation Application or Redemption Application by notice in writing to the Manager and the Manager shall promptly notify and request the Trustee to return to the Participating Dealer any cash received by it in respect of the Creation Application (without interest) as soon as practicable.

A suspension shall remain in force until the earlier of (a) the Manager declaring the suspension is at an end; and (b) the first Dealing 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 exists.

### **Evidence of Unitholding**

Units will be deposited, cleared and settled by the CCASS. Units are held in registered entry form only, which means that no Unit certificates are issued. HKSCC Nominees Limited is the registered owner (i.e. the sole holder of record) of all outstanding Units deposited with the CCASS and is holding such Units for the participants in accordance with the General Rules of HKSCC.

Furthermore, the Trustee and the Manager acknowledge that pursuant to the General Rules of HKSCC neither HKSCC Nominees Limited nor HKSCC has any proprietary interest in the Units. Investors owning Units in CCASS are beneficial owners as shown on the records of the participating brokers or the relevant Participating Dealer(s) or PD Agent(s) (as the case may be) who are CCASS participants.

### **Restrictions on Unitholders**

The Manager has power to impose such restrictions as it may think necessary for the purpose of ensuring that no Units are acquired or held which would result in such holding being:

- (a) a breach of the law or requirements of any country or governmental authority or any stock exchange on which the Units are listed in circumstances which, in the Manager's opinion, might result in the Trust or the Sub-Fund suffering any adverse effect which the Trust or the Sub-Fund might not otherwise have suffered; or
- (b) in the circumstances which, in the Manager's opinion, might result in the Trust or the Sub-Fund, the Trustee or the Manager incurring any liability to taxation or suffering any other potential or actual pecuniary disadvantage or might result in the Trust or the Sub-Fund, the Trustee or the Manager being subject to any additional regulatory compliance which the Trust or the Sub-Fund, the Trustee or the Manager might not otherwise have incurred, suffered or been subject to; or
- (c) in breach of, or deemed by the Manager to be in breach of, any applicable anti-money laundering or identification verification or national status or residency requirements imposed on him (whether under the terms of any underlying investment arrangement or otherwise) including without limitation the issue of any warranty or supporting document required to be given to the Trustee and the Manager.

Upon notice that any Units are so held, the Manager may require such Unitholders to redeem or transfer such Units in accordance with the provisions of the Trust Deed. A person who becomes aware that he is holding or owning Units in breach of any of the above restrictions is required either to redeem his Units in accordance with the Trust Deed or to transfer his Units to a person whose holding would be permissible under this Prospectus and the Trust Deed in a manner that would result in such Unitholder no longer being in breach of the restrictions above.

### **Transfer of Units**

The Trust Deed provides that a Unitholder may transfer Units with the consent of the Manager. As all Units will be held in CCASS, the Manager's consent is deemed given where the Unitholder is transferring his interest in Units within CCASS. A Unitholder is entitled to transfer Units held by him by using the standard transfer form issued by SEHK or by an instrument in writing in such other form (and if the transferor or the transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution) as the Trustee may from time to time approve. The transferor will be deemed to remain the Unitholder of the Units transferred until the name of the transferee is entered in the register of Unitholders in respect of the Units being transferred. If and to the extent that all Units are deposited, cleared and settled in CCASS, HKSCC Nominees Limited will be the sole Unitholder, holding such Units for the persons admitted by HKSCC as a participant of CCASS and to whose account any Units are for the time being allocated in accordance with the General Rules of HKSCC.

## **EXCHANGE LISTING AND TRADING (SECONDARY MARKET)**

### **General**

Dealings in the Units on the SEHK commenced on 12 July 2023.

Units are neither listed nor dealt on any other stock exchange and no application for such listing or permission to deal is being sought as at the date of this Prospectus. Application may be made in the future for a listing of Units on one or more other stock exchanges.

The purpose of the listing of the Units on the SEHK is to enable investors to buy and sell Units on the secondary market, normally via a broker or dealer in smaller quantities than would be possible if they were to subscribe and/or redeem Units in the primary market.

The market price of a Unit listed or traded on the SEHK may not reflect the Net Asset Value per Unit. Any transactions in the Units on the SEHK will be subject to the customary brokerage commissions and/or transfer taxes associated with the trading and settlement through the SEHK. There can be no guarantee that once the Units are listed on the SEHK they will remain listed.

The Manager will use its best endeavours to put in place arrangements so that at least one Market Maker will maintain a market for the Units traded in each of the HKD counter and RMB counter (although the Market Maker for all counters may be the same entity). Broadly, the obligations of a Market Maker will include quoting bid and offer prices on the SEHK with the intention of providing liquidity. Given the nature of the Market Maker's role, the Manager will make available to a Market Maker the portfolio composition information which is made available to a Participating Dealer.

Units may be purchased from and sold through the Market Makers. However, there is no guarantee or assurance as to the price at which a market will be made. In maintaining a market for Units, the Market Makers may make or lose money based on the differences between the prices at which they buy and sell Units, which is to a certain extent dependent on the difference between the purchase and sale prices of the underlying Securities and/or Futures Contracts comprised within the portfolio of the Sub-Fund. Market Makers may retain any profits made by them for their own benefit and they are not liable to account to the Sub-Fund in respect of their profits.

If you wish to buy or sell Units on the secondary market, you should contact your brokers.

The Units have been accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS. Settlement of transactions between participants of the SEHK is required to take place in CCASS on the second CCASS Settlement Day after any trading day. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

If trading of the Units on the SEHK is suspended or trading generally on the SEHK is suspended, then there will be no secondary market dealing for the Units.

### **Dual-Counter**

The Manager has arranged for the Units to be available for trading on the secondary market on the SEHK under a Dual-Counter arrangement. Units are denominated in RMB. Despite the Dual-Counter arrangement the creation of new Units and redemption of Units in the primary market are settled in RMB only. The Sub-Fund offers two trading counters on the SEHK (i.e. RMB counter and HKD counter) to investors for secondary trading purposes. Listed Class of Units traded in HKD and RMB counters will be considered as one multi-counter eligible security in CCASS. The stock code of the trading counter in HKD is used as the domain stock code for recording the activities and holdings in relation to such multi-counter eligible security in CCASS. It means clearing, settlement and corporate action on the Units of the Sub-Fund will be all consolidated in the HKD counter.

Units traded on all counters are of the same class and all Unitholders of all counters are treated equally. The two counters will have different stock codes and stock short names, but trade with a single ISIN numbers. RMB counter and traded Units have a SEHK stock code 83161 and a stock short name "A CAM RMB MM-R" whilst HKD counter and traded Units have a SEHK stock code 3161 and a stock short name "A CAM RMB MM".

Normally, investors can buy and sell Units traded in the same counter or alternatively buy in one counter and sell in the other counter provided their brokers provide both HKD and RMB trading services at the same time. Inter-counter buy and sell is permissible even if the trades take places within the same trading day. However, investors should note that the trading price of Units traded in the HKD counter and that of RMB counter may be different and may not always maintain a close relationship depending on factors such as market demand and supply and liquidity in each counter.

Investors should consult their brokers if they have any questions concerning fees, timing, procedures and the operation of the Dual-Counter, including inter-counter trading. Investors' attention is also drawn to the risk factor above titled "Risks associated with Dual-Counter".

## SCHEDULE 3

### PROVISIONS RELATING TO THE OFFER, SUBSCRIPTION, CONVERSION AND REDEMPTION OF THE UNLISTED CLASS(ES) OF UNITS

*This Schedule 3 contains disclosure relating to the Unlisted Class(es) of Units only. Unless the context otherwise requires, references to “Units” and “Unitholders” in this Schedule shall be construed to refer to an Unlisted Class of Units of the Sub-Fund or a Unitholder of such Units. Save for terms defined below, all other terms used in this Schedule shall have the same meanings as assigned to them under the main part of the Prospectus.*

#### SUBSCRIPTION OF UNLISTED CLASS(ES) OF UNITS

##### Initial Issue of Units

During an Initial Offer Period, Units in a Sub-Fund will be offered to investors at an initial Subscription Price of a fixed price per Unit determined by the Manager in its absolute discretion as specified in the section “Summary” under the sub-section “Key Information applicable to Unlisted Class(es) of Units only”.

Units will be issued immediately following the close of the Initial Offer Period or such other Business Day as the Manager may determine. Dealing of the Units will commence on the Dealing Day immediately following the closure of the relevant Initial Offer Period.

##### Subsequent issue of Units

Following the close of the relevant Initial Offer Period, Units will be available for issue on each Dealing Day at the relevant Subscription Price.

The Subscription Price on any Dealing Day will be the price per Unit ascertained by dividing the Net Asset Value of the relevant class of the Sub-Fund as at the Valuation Point in respect of the relevant Dealing Day by the number of Units of such class of the Sub-Fund then in issue and rounded to 4 decimal places (0.00005 or above being rounded up, and less than 0.00005 being rounded down) or in such manner and to such other number of decimal places as may from time to time be determined by the Manager. Any rounding adjustment will be retained by the relevant Class. The Subscription Price will be calculated and quoted in the relevant Class Currency of the Sub-Fund.

The Manager is entitled to impose a subscription fee on the subscription monies for the application for the issue of Units. The Manager may, either generally or in any particular case, differentiate as to the amount of the subscription fee to be levied in respect of different classes of Units, differentiate between applicants as to the amount of the subscription fee to be levied and/or allow to persons a discount to the subscription fee on such basis or on such scale as the Manager may think fit. For the avoidance of doubt, the Manager will charge the same rate of subscription fee for all applicants in the same Unlisted Class(es) of Units. The Manager may retain the benefit of such subscription fee. Details of the subscription fee are set out in the section headed “Fees and Expenses” in this Prospectus.

The Manager may require an applicant to pay, in addition to the Subscription Price of the subscription proceeds and any subscription fee, a further amount which it reasonably considers to represent an appropriate allowance for (a) estimated bid/offer spread of the investments of the Sub-Fund, (b) extraordinary transactional fees or expenses, including stamp duty, other taxes, brokerage, bank charges, transfer fees or registration fees, or (c) other charges which are customarily incurred in investing a sum equal to the application monies and issuing the relevant Units or of delivery or issue of certificates in respect thereof or the remittance of money to the Trust (the “Subscription Adjustment Allowance”). Any such Subscription Adjustment Allowance will be

paid to the Trust and will form part of the assets of the Sub-Fund or the relevant Class.

### **Application Procedure**

To subscribe for Units, an applicant should complete a subscription application form and return the application form, together with the required supporting documents, to the Manager by facsimile or other electronic means (as may be agreed between the Manager and the Trustee). The original application form is not required to be submitted unless otherwise required by the Manager or the Trustee. Applicants who choose to send an application form by facsimile or other electronic means bear the risk of the form not being received by the Manager. Applicants should therefore, for their own benefit, confirm with the Manager safe receipt of an application form. None of the Manager, the Registrar or the Trustee will be responsible to an applicant for any loss resulting from non-receipt or illegibility of any application form sent by facsimile or other electronic means or for any loss caused in respect of any action taken as a consequence of such application believed in good faith to have originated from properly authorised persons.

Applications for Units during the Initial Offer Period must be received by the Manager no later than 4:00 p.m. (Hong Kong time) on the last day of the Initial Offer Period. After the Initial Offer Period, applications must be received by the Manager by the Subscription Deadline. Application requests submitted after the applicable Subscription Deadline in respect of any Dealing Day will be dealt with on the next Dealing Day.

Each applicant whose application is accepted will be sent a contract note confirming details of the purchase of relevant Unlisted Class(es) of Units but no certificates will be issued.

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

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

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

The Manager may, at its discretion, reject in whole or in part any application for Units. In the event that an application is rejected, application monies will be returned without interest and net of expenses by telegraphic transfer or by such other means as the Trustee considers appropriate at the risk of the applicant.

No applications for Units will be dealt with during any periods in which the determination of the Net Asset Value of the Sub-Fund is suspended (for details see "Suspension of Determination of Net Asset Value" in this Prospectus).

Please also refer to the section headed "Suspension of the issue, subscription and redemption of Unlisted Class(es) of Units" below regarding suspension of issue and subscription of Units.

### **Payment Procedure**

Subscription monies should be paid in the Class Currency of the relevant Unlisted Class of Units. Subscription monies in cleared funds should be received by (i) the Subscription Deadline on the

relevant Dealing Day on which an application was received or (ii) in the case of applications for Unlisted Class(es) of Units during the Initial Offer Period, such time on the last day of the Initial Offer Period of Unlisted Class(es) of Units as specified in this Prospectus, or within such other period as determined by the Manager.

Subscription monies paid by any person other than the applicant will not be accepted.

The Manager may exercise its discretion to accept late payment of subscription monies, provisionally allot Units by reference to the Net Asset Value of the relevant class of Units in the Sub-Fund and charge interest on such overdue monies until payment is received in full, at such rate as the Manager thinks appropriate. However, if payment of subscription monies in cleared funds are not made within such period as determined by the Manager, the application may, at the discretion of the Manager, be considered void and cancelled. Upon such cancellation, the relevant Units shall be deemed never to have been issued and the applicant shall have no right to claim against the Manager or the Registrar and any loss will be borne by the applicant, provided that: (i) no previous valuations of the Sub-Fund shall be re-opened or invalidated as a result of the cancellation of such Units; (ii) the Manager may require the applicant to pay, for the account of the Sub-Fund, in respect of each such Unit cancelled, the amount (if any) by which the Subscription Price on the relevant Dealing Day exceeds the applicable Redemption Price on the date of cancellation; and (iii) the Trustee shall be entitled to charge the applicant a cancellation fee for the administrative costs involved in processing the application and subsequent cancellation.

Payment in other freely convertible currencies may be accepted. Where amounts are received in a currency other than the relevant Class Currency, they will be converted into the relevant Class Currency and the proceeds of conversion (after deducting the costs of such conversions) will be applied in the subscription of Units in the relevant Unlisted Class(es) of Units of the Sub-Fund. Conversion of currencies may involve delay. Bank charges (if any) incurred in converting the subscription monies shall be borne by the relevant applicant and accordingly will be deducted from the subscription proceeds.

### **General**

All holdings of Units will be in registered form and certificates will not be issued. Evidence of title of Units will be the entry on the register of Unitholders of the Sub-Fund. Unitholders should therefore be aware of the importance of ensuring that the Registrar is informed of any change to the registered details. Fractions of a Unit may be issued rounded down to the nearest 4 decimal places. Subscription monies representing smaller fractions of a Unit will be retained by the Sub-Fund. A maximum of 4 persons may be registered as joint Unitholders.

## **REDEMPTION OF UNLISTED CLASS(ES) OF UNITS**

### **Redemption procedure**

Unitholders of Units who wish to redeem their Units in the Sub-Fund may do so on any Dealing Day by submitting a redemption request to the Manager.

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

A redemption request may be sent by facsimile or other electronic means (as may be agreed

between the Manager and the Trustee) from time to time determined by the Manager. The redemption request must specify: (i) the name of the Sub-Fund, (ii) the relevant class and the value or number of Units to be redeemed, (iii) the name(s) of the registered Unitholder(s) and (iv) payment instructions for the redemption proceeds.

A Unitholder who chooses to send an application form by facsimile or other electronic means bears the risk of the form not being received by the Manager. Unitholders should therefore, for their own benefit, confirm with the Manager safe receipt of a redemption request. None of the Manager, the Registrar or the Trustee will be responsible to a Unitholder for any loss resulting from non-receipt or illegibility of any redemption request sent by facsimile or other electronic means or for any loss caused in respect of any action taken as a consequence of such request believed in good faith to have originated from properly authorised persons.

Partial redemption of a holding of Units in an Unlisted Class of Units of the Sub-Fund by a Unitholder may be effected, provided that such redemption will not result in the Unitholder holding Units less than the minimum holding for that class specified in the section headed "Summary" under the sub-section "Key Information applicable to Unlisted Class(es) of Units only". In the event that, for whatever reason, a Unitholder's holding of Units is less than such minimum holding for that Class, the Manager may give notice requiring such Unitholder to submit a redemption request in respect of all the Units of that Unlisted Class of Units held by that Unitholder or deem such request to have been made in respect of all Units of the relevant Unlisted Class of Units held by the Unitholder. A request for a partial redemption of Units with an aggregate value of less than the minimum amount for such class of Units specified in the section headed "Summary" under the sub-section "Key Information applicable to Unlisted Class(es) of Units only" will not be accepted.

All redemption requests must be signed by the Unitholder or, in the case of joint Unitholders, such one or more joint Unitholders who have been authorised to sign such requests on behalf of the other joint Unitholders (where such authorisation has been notified in writing to the Registrar) or, in the absence of such notification, by all joint Unitholders.

### **Payment of redemption proceeds**

The Redemption Price on any Dealing Day will be the price per Unit of the Unlisted Class(es) of Units ascertained by dividing the Net Asset Value of the relevant class of the Sub-Fund as at the Valuation Point in respect of the relevant Dealing Day by the number of Units of such Class then in issue and rounded to 4 decimal places (0.00005 or above being rounded up, and less than 0.00005 being rounded down) or in such manner and to such other number of decimal places as may from time to time be determined by the Manager. Any rounding adjustment will be retained by the relevant Class. The Redemption Price will be calculated and quoted in the relevant Class Currency of the Sub-Fund.

The Trustee in consultation with the Manager is entitled to deduct from the Redemption Price an amount which it considers represents an appropriate allowance for (a) estimated bid/offer spread of the investments of the Sub-Fund, (b) extraordinary transactional fees or expenses, including stamp duty, other taxes, brokerage, bank charges, transfer fees or registration fees, or (c) other charges which are customarily incurred in selling the Securities constituting the Trust Fund of the Sub-Fund or the remittance of money to the Trustee (the "Redemption Adjustment Allowance"). Any such Redemption Adjustment Allowance will be retained by the Trust on behalf of the Sub-Fund and will form part of the Trust Fund of the Sub-Fund or the relevant Class of Units.

The Manager may at its option impose a redemption fee in respect of an Unlisted Class of Units to be redeemed as described in the section headed "Fees and Expenses" in this Prospectus. The Manager may, either generally or in any particular case, differentiate as to the amount of the redemption fee to be levied in respect of different classes of Units and/or allow to persons a discount to the redemption fee on such basis or on such scale as the Manager may think fit.

The amount due to a Unitholder on the redemption of an Unit of an Unlisted Class will be the



Redemption Price, less any redemption fee and Redemption Adjustment Allowance. The redemption fee will be retained by the Manager.

Unitholders should note that redemption proceeds will not be paid to any Unitholder until (a) the duly signed original written redemption request (if such original is required by the Manager) and all other supporting documents, if any are required, have been received by the Manager; (b) the signature of the Unitholder (or each joint Unitholder) has been verified to the satisfaction of the Trustee; and (c) any such other procedures as the Registrar may reasonably require have been completed. Subject as mentioned above, and save as otherwise agreed by the Manager, and so long as relevant account details have been provided, redemption proceeds will normally be paid at the risk and expense of the redeeming Unitholder in the Class Currency of the Sub-Fund by telegraphic transfer on the relevant Dealing Day or one Business Day after the relevant Dealing Day to the relevant distributor (or its nominee)'s account, after which the redemption proceeds will be normally transferred to the respective Unitholder within one Business Day by the distributor after the distributor has received such redemption proceeds, subject to the transferal arrangement between the distributor and the Unitholder. In any event, the redemption proceeds will be paid within one calendar month of the relevant Dealing Day or (if later) receipt of a properly documented redemption request, unless the market(s) in which a substantial portion of the Sub-Fund's investments is made is subject to legal or regulatory requirements (such as foreign currency controls) thus rendering the payment of redemption proceeds within the aforesaid time period not practicable, but in such a case the details of such legal or regulatory requirements will be set out in this Prospectus and the extended time frame for payment should reflect the additional time needed in light of the specific circumstances in the relevant market(s). Any bank and other administrative charges associated with the payment of such redemption proceeds as well as the costs incurred in currency conversion, if any, will be borne by the redeeming Unitholder and deducted from the redemption proceeds. With the prior consent of the Manager, arrangements can be made for redemption proceeds to be paid in any major currency other than the Class Currency of the relevant Unlisted Class(es) of Units of the Sub-Fund being redeemed. Payment will only be made to a bank account in the name of the Unitholder. No third party payments will be made.

The Trust Deed provides that redemptions may be, in whole or in part, made *in specie* at the discretion of the Manager. However, the Manager does not intend to exercise this discretion in respect of the Sub-Fund. In any event, redemptions may only be made in specie, in whole or in part, with the consent of the Unitholder requesting the redemption.

### **Suspension of redemptions**

The Manager shall, in consultation with the Trustee, having regard to the best interests of Unitholders, have the right to suspend the redemption of Units, or delay the payment of redemption proceeds in respect of any redemption request received, during any period in which the determination of the Net Asset Value of the Sub-Fund is suspended (for details please see the section headed "Suspension of determination of Net Asset Value" in this Prospectus).

Please also refer to the section headed "Suspension of the issue, subscription and redemption of Unlisted Class(es) of Units" below.

The Manager shall also have the right to reject, acting in good faith, any redemption application under exceptional circumstances, including without limitation the following circumstances:

- (a) any period during which (i) the creation or issue of Units of the relevant Class, (ii) the redemption of Units of the relevant Class, and/or (iii) the determination of Net Asset Value of the relevant Class is suspended;
- (b) where in the opinion of the Manager, acceptance of the redemption application would have an adverse effect on the Sub-Fund;
- (c) where there is in existence any trading restriction or limitation such as the occurrence of a

market disruption event, suspected market misconduct or the suspension of dealing in relation to a substantial part of the investments of the Sub-Fund;

- (d) where acceptance of the redemption application would render the Manager in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Manager and/or any of its Connected Persons;
- (e) circumstances outside the control of the Manager which make it for all practicable purposes impossible to process the redemption application; or
- (f) any period during which the business operations of the Manager, the Trustee or any delegate of the Manager or the Trustee in respect of a redemption application in the Sub-Fund are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God.

In the event of such rejection, the Manager shall notify the relevant Unitholder and the Trustee of its decision to reject such redemption application.

### **Deferred Redemption**

In the event that redemption requests are received for the redemption of Units (both Listed Class of Units and Unlisted Class of Units), representing in aggregate more than 10% (or such higher percentage as the Manager may determine in respect of the Sub-Fund and as permitted by the SFC) of the total Net Asset Value in a Sub-Fund then in issue, the Manager may direct the Trustee to reduce the requests rateably and pro rata amongst all Unitholders (in respect of both Listed Class of Units and Unlisted Class of Units) seeking to redeem Units on the relevant Dealing Day and carry out only sufficient redemptions which, in aggregate, amount to 10% (or such higher percentage as the Manager may determine in respect of the Sub-Fund) of the total Net Asset Value in the Sub-Fund then in issue. Units which are not redeemed but which would otherwise have been redeemed will be redeemed on the next Dealing Day (subject to further deferral if the deferred requests in respect of the Sub-Fund themselves exceed 10% (or such higher percentage as the Manager may determine in respect of that Sub-Fund) of the total Net Asset Value in the Sub-Fund then in issue) in priority to any other Units in the Sub-Fund for which redemption requests have been received. Units will be redeemed at the Redemption Price prevailing on the Dealing Day on which they are redeemed. If requests for redemption are so carried forward, the Manager will promptly inform the Unitholders concerned.

### **Restrictions on Unitholders**

The Manager has power to impose such restrictions as it may think necessary for the purpose of ensuring that no Units are acquired or held which would result in such holding being:

- (a) a breach of the law or requirements of any country or governmental authority in circumstances which, in the Manager's opinion, might result in the Trust or the Sub-Fund suffering any adverse effect which the Trust or the Sub-Fund might not otherwise have suffered; or
- (b) in the circumstances which, in the Manager's opinion, may result in the Trust or the Sub-Fund incurring any tax liability or suffering any other pecuniary disadvantage which the Trust or the Sub-Fund might not otherwise have incurred or suffered.

Upon notice that any Units are so held, the Manager may require such Unitholders to redeem or transfer such Units in accordance with the provisions of the Trust Deed. A person who becomes aware that he is holding or owning Units in breach of any of the above restrictions is required either to redeem his Units in accordance with the Trust Deed or to transfer his Units to a person whose

holding would be permissible under this Prospectus and the Trust Deed in a manner that would result in such Unitholder no longer being in breach of the restrictions above.

## **Transfer of Units**

The Trust Deed provides that a Unitholder may transfer Units with the consent of the Manager. An investor is entitled to transfer such Units held by him by an instrument in writing in such form as the Trustee may from time to time approve. A transferor will be deemed to remain the Unitholder of the Units transferred until the name of the transferee is entered in the register of Unitholders in respect of the Units being transferred. Each instrument of transfer must relate to a single Sub-Fund only.

## **General**

Fractions of a Unit may be redeemed rounded down to the nearest 4 decimal places. Redemption monies representing smaller fractions of a Unit will be retained by the Sub-Fund.

### **SWITCHING OF UNLISTED CLASS(ES) OF UNITS**

The Manager may from time to time permit Unitholders to switch some or all of their Units of an Unlisted Class of Units of the Sub-Fund (the "Existing Class") into the Units of an Unlisted Class of Units, whether in respect of the same Sub-Fund or any other sub-funds managed by the Manager or its Connected Persons, and which has been authorised by the SFC (the "New Class"). Any switching will be by way of redeeming the Units in the Existing Class held by the relevant Unitholders in accordance with the redemption procedures set out in the section headed "Redemption of Unlisted Class(es) of Units" above and by re-investing the redemption proceeds thereof in an Unlisted Class of Units of the same Sub-Fund in accordance with the subscription procedures set out in the section "Subscription of Unlisted Class(es) of Units" above or in such other sub-funds in accordance with the provisions of the relevant offering documents for such other sub-funds (as the case may be).

A request for the switching of part of a holding of Units will not be effected if, as a result, the Unitholder would hold less than the minimum holding specified for the New Class (if any) and/or the Existing Class.

Under the Trust Deed, the Manager is entitled to impose a switching fee on the switching of Units of up to 5% of the redemption proceeds payable in respect of the Unlisted Class of Units of the Existing Sub-Fund being switched. The switching fee will be deducted from the amount reinvested in the New Fund and will be paid to the Manager.

Where a request for switching is received by the Manager prior to the Redemption Deadline in respect of a Dealing Day, switching will be effected as follows:

- (a) redemption of the Units of the Existing Class will be dealt with by reference to the Redemption Price on that Dealing Day (the "Switching Redemption Day") subject to paragraph (c) below;
- (b) where the Existing Class and the New Class have different Class Currencies, the redemption proceeds of the Existing Class, after deduction of any switching fee, shall be converted into the Class Currency of the New Class; and
- (c) the resulting amount will be used to subscribe for units of the New Class at the relevant subscription price on the relevant Dealing Day in respect of the New Class (the "Switching Subscription Day"). The Switching Subscription Day shall be the same day as the Switching Redemption Day (in the case where the relevant Dealing Day of the Existing Class is not a dealing day in respect of the New Class, the Switching Redemption Day will be the immediately following Dealing Day that is a dealing day for the New Class), provided that the Trustee shall receive cleared funds in the Class Currency of the New Class within such period as determined by the Manager. In the event that cleared funds are not received within

the applicable period, the Switching Subscription Day shall be the day on which the Trustee receives cleared funds in the relevant currency by the Subscription Deadline of the New Class, unless otherwise determined by the Manager.

The Manager may suspend the switching of Units during any period in which the determination of the Net Asset Value of the Sub-Fund is suspended (for details see "Suspension of Determination of Net Asset Value" in this Prospectus).

Investors should note that switching between Listed Class of Units and Unlisted Class(es) of Units by a Participating Dealer or otherwise is not available.

### **SUSPENSION OF THE ISSUE, SUBSCRIPTION AND REDEMPTION OF UNLISTED CLASS(ES) OF UNITS**

The Manager may at its discretion (in consultation with the Trustee) and having regard to the best interests of the Unitholders, suspend the issue and/or redemption of Units of any class of the Sub-Fund and/or (subject to all applicable legal or regulatory requirements where payment of redemption proceeds exceeds one calendar month) delay the payment of any monies and transfer of any Securities and/or Futures Contracts of any redemption application in the following circumstances:

- (a) during any period when a market on which a substantial part of the investments of the Sub-Fund, has its primary listing, or the official clearing and settlement depository (if any) of such market, is closed;
- (b) during any period when dealing on a market on which a substantial part of the investments of the Sub-Fund, has its primary listing is restricted or suspended;
- (c) during any period when, in the opinion of the Manager, settlement or clearing of Securities and/or Futures Contracts, as the case may be, in the official clearing and settlement depository (if any) of such market is disrupted;
- (d) during the existence of any state of affairs as a result of which delivery or purchase of Securities and/or Futures Contracts, as the case may be, as appropriate or disposal of investments for the time being comprised in the Sub-Fund cannot, in the opinion of the Manager, be effected normally or without prejudicing the interests of Unitholders of the Sub-Fund;
- (e) during any breakdown in any of the means normally employed in determining the Net Asset Value of the Sub-Fund or the Net Asset Value per Unit of the relevant class or when for any other reason the value of any Securities and/or Futures Contracts or other property for the time being comprised in the Sub-Fund cannot, in the opinion of the Manager, reasonably, promptly and fairly be ascertained;
- (f) during any period when the determination of the Net Asset Value of the Sub-Fund is suspended or if any circumstance specified in the section on "Suspension of Determination of Net Asset Value" in this Prospectus arises; or
- (g) during any period when the business operations of the Manager, the Trustee or any delegate of the Manager or the Trustee in respect of an application in the Sub-Fund are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riot, strikes or acts of God.

The Manager will, after consultation with the Trustee, having regard to the best interests of the Unitholders, suspend the right to subscribe for Units of the Sub-Fund if, or if as a result of the investment of the proceeds of issue of such Units in accordance with its investment objective, the Trust collectively holds or would hold in aggregate more than 10% of the ordinary shares issued by any single issuer or such other percentage permitted under Schedule 1. In addition, where the sub-

funds under the Trust hold in aggregate more than the limit of 10% of the ordinary shares issued by any single issuer and the SFC has not agreed to waive this prohibition under the Code, the Manager will make it a priority objective to take all other necessary steps within a reasonable period to remedy such breach, taking into account the interests of the Unitholders.

The Manager shall notify the SFC and publish a notice of suspension following the suspension, and at least once a month during the suspension, on its website at [www.chinaamc.com.hk](http://www.chinaamc.com.hk) or in such other publications as it decides.

The Manager shall consider any subscription, switch or redemption application received during the period of suspension (that has not been otherwise withdrawn) as having been received immediately following the termination of the suspension. The period for settlement of any redemption will be extended by a period equal to the length of the period of suspension.

A suspension shall remain in force until the earlier of (a) the Manager declaring the suspension is at an end; and (b) the first Dealing 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 exists.