



GAOTENG WEFUND

EXPLANATORY MEMORANDUM

February 2019

IMPORTANT INFORMATION FOR INVESTORS

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

This Explanatory Memorandum comprises information relating to GaoTeng WeFund (“**Fund**”) and its sub-funds (“**Sub-Funds**”). The Fund is an open-ended unit trust established as an umbrella unit trust under the laws of Hong Kong by a trust deed dated 3 October 2018 (“**Trust Deed**”) between ICBC (Asia) Trustee Company Limited (“**Trustee**”) as trustee and GaoTeng Global Asset Management Limited (“**Manager**”) as manager.

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

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

Hong Kong Authorisation and Approval

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

Selling restrictions

General: No action has been taken to permit an offering of Units of the Sub-Fund(s) or the distribution of this Explanatory Memorandum or the Product Key Facts Statement in any jurisdiction other than Hong Kong where action would be required for such purposes. Accordingly, this Explanatory

Memorandum or the Product Key Facts Statement may not be used for the purpose of an offer or solicitation in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised. Further, Units of the Sub-Fund(s) may not be offered or sold, directly or indirectly, to any persons for reoffering or resale, in any jurisdiction where such action is not authorised. Receipt of this Explanatory Memorandum or the Product Key Facts Statement does not constitute an offer of Units of the Sub-Fund(s) in those jurisdictions in which it is illegal to make such an offer.

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

- (a) the Units have not been registered under the United States Securities Act of 1933 (as amended) and, except in a transaction which does not violate such Act, may not be directly or indirectly offered or sold in the United States of America, or any of its territories or possessions or areas subject to its jurisdiction, or for the benefit of a US Person (as defined in Regulation S under such Act); and
- (b) the Fund and the Sub-Fund(s) have not been and will not be registered under the United States Investment Company Act of 1940 as amended.

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

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

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

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

Enquiries

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

- write to the Manager (address at Unit 703, 7/F Man Yee Building, 68 Des Voeux Road Central, Central, Hong Kong); or

- call the Manager at telephone number at +852 3892 8900.

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

Further Information

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

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DIRECTORY OF PARTIES

Manager

GaoTeng Global Asset Management Limited
Unit 703, 7/F Man Yee Building,
68 Des Voeux Road Central, Central
Hong Kong

Trustee, Registrar and Transfer Agent

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

Directors of the Manager

Guolu Qiu
Wanying Bi
Yu Li

Custodian

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

Solicitors to the Manager

Deacons
5/F, Alexandra House
18 Chater Road
Central
Hong Kong

Auditors

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

DEFINITIONS

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

“Appendix”	the appendix containing specific information in relation to a Sub-Fund or a Class or Classes of Units in relation thereto which is enclosed with this Explanatory Memorandum and which forms part of this Explanatory Memorandum
“Accounting Date”	31 December (or the last Business Day) in each year or such other date or dates in each year as the Manager may from time to time select in respect of any Sub-Fund and notify to the Trustee and the Unitholders of such Sub-Fund. The first Accounting Date of the Fund is 31 December 2019
“Accounting Period”	a period commencing on the date of establishment of the Fund or the relevant Sub-Fund (as the case may be) or on the date next following an Accounting Date of the relevant Sub-Fund and ending on the next succeeding Accounting Date for such Sub-Fund
“Authorised Distributor”	any person appointed by the Manager to distribute Units of some or all of the Sub-Funds to potential investors
“Base Currency”	in relation to a Sub-Fund, means the currency of account of the Sub-Fund as specified in the relevant Appendix
“Business Day”	a day (other than a Saturday or Sunday) on which banks in Hong Kong are open for normal banking business or such other day or days in relation to a Sub-Fund as the Trustee and Manager may determine from time to time and as specified in the relevant Appendix, provided that where as a result of a number 8 typhoon signal, black rainstorm warning or other similar event, the period during which banks in Hong Kong are open on any day is reduced, such day shall not be a Business Day unless the Manager and the Trustee determine otherwise
“China” or “PRC”	the People’s Republic of China excluding Hong Kong, Macau and Taiwan for purpose of this Explanatory Memorandum
"Class"	means any class of Units in issue in relation to a Sub-Fund
“Class Currency”	in relation to a Class in a Sub-Fund, means the currency of account of such Class as specified in the relevant Appendix

“CNH”	RMB traded offshore (outside the PRC)
“Code”	the Overarching Principles Section and Section II - Code on Unit Trusts and Mutual Funds of the SFC Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Structured Investment Products or any handbook, guideline and code issued by the Commission, as may be amended from time to time
“connected person”	<p>in relation to a company, means:</p> <ul style="list-style-type: none"> (a) any person or company beneficially owning, directly or indirectly, 20% or more of the ordinary share capital of that company or able to exercise, directly or indirectly, 20% or more of the total votes in that company; or (b) any person or company controlled by a person who or which meets one or both of the descriptions given in (a); or (c) any member of the group of which that company forms part; or (d) any director or officer of that company or of any of its connected persons as defined in (a), (b) or (c) above
“Custodian”	Industrial and Commercial Bank of China (Asia) Limited
“Explanatory Memorandum”	this Explanatory Memorandum including the Appendices, as each may be amended, updated or supplemented from time to time
“Fund”	GaoTeng WeFund
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“HK\$” or “HKD”	Hong Kong Dollars, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards
“Initial Offer Period”	in relation to a Sub-Fund or a Class or Classes of Units, such period as the Manager may determine for the purpose of making an initial offer of Units of such Sub-Fund or such Class or Classes and as specified in the relevant Appendix (if applicable)

“Initial Offer Price”	the price per Unit during the Initial Offer Period as determined by the Manager and as specified in the relevant Appendix (if applicable)
“Investment Adviser”	the investment adviser appointed in respect of a Sub-Fund, the details of which as specified in the relevant Appendix (if applicable)
“IOP Deadline”	5:00 p.m. (Hong Kong time) on the last Business Day of the Initial Offer Period of a Sub-Fund or a particular Class of Units or such other time on such Business Day or such other day as the Manager and the Trustee may from time to time determine and as specified in the relevant Appendix
“Issue Price”	the issue price of a Unit of a particular Class after the expiry of the Initial Offer Period calculated in accordance with the Trust Deed and as described below under <i>“Investing in the Fund - Issue Price”</i>
“Manager”	GaoTeng Global Asset Management Limited in its capacity as the manager of the Fund and its Sub-Funds or such other entity as may be appointed from time to time as the manager of the Fund and its Sub-Funds
“Minimum Initial Subscription Amount”	the minimum initial investment for Units in a Sub-Fund or a Class of Units and as specified in the relevant Appendix
“Minimum Holding Amount”	the minimum number or value of Units of any Sub-Fund or Class of Units which must be held by any Unitholder and as specified in the relevant Appendix
“Minimum Redemption Amount”	the minimum number or value of Units of any Sub-Fund or Class of Units to be redeemed by any Unitholder in respect of a partial redemption of Units and as specified in the relevant Appendix
“Minimum Subsequent Subscription Amount”	the minimum additional subscriptions for Units in a Sub-Fund or a Class of Units and as specified in the relevant Appendix
“Minimum Subscription Level”	the total minimum subscription amount, if applicable, to be received on or prior to the close of the Initial Offer Period and as specified in the relevant Appendix
“Net Asset Value”	in relation to a Sub-Fund means the net asset value of such Sub-Fund or, as the context may require, of a Unit of the Class or Classes relating to such Sub-Fund, calculated in accordance with the provisions of the Trust Deed and as summarised below under <i>“Valuation and Suspension - Calculation of Net Asset Value”</i>

“Redemption Charge”	the redemption charge (if any) payable upon redemption of Units and as specified in the relevant Appendix
“Redemption Day”	in relation to a Sub-Fund, or, as the context may require, of a particular Class relating to a Sub-Fund, such Business Day or such other day or days as the Manager and the Trustee may from time to time determine, either generally or in respect of a particular Class or Classes of Units, for effecting any requests for redemption of Units in that Sub-Fund or the relevant Class or Classes and as specified in the relevant Appendix
“Redemption Deadline”	in relation to a Redemption Day, such time by which a redemption request in respect of a Sub-Fund or a Class of Units must be received either on such Redemption Day or on such other Business Day or day as the Manager and the Trustee may from time to time determine generally or in relation to any particular jurisdiction in which Units of that Sub-Fund or the relevant Class may from time to time be sold and as specified in the relevant Appendix
“Redemption Price”	the price at which Units will be redeemed as determined in accordance with the Trust Deed and as described below under <i>“Redemption of Units - Redemption Price”</i>
“Registrar”	ICBC (Asia) Trustee Company Limited in its capacity as registrar of the Fund and its Sub-Funds
“Renminbi” or “RMB”	Renminbi, the lawful currency of China
“Securities Market”	any stock exchange, over-the-counter market or other organised securities market that is open to the international public and on which such securities are regularly traded
“Semi-Annual Accounting Date”	30 th June (or the last Business Day of June) in each year or such other date or dates in each year as the Manager may from time to time select in respect of any Sub-Fund and notify to the Trustee and the Unitholders of such Sub-Fund. The first Semi-Annual Accounting Date of the Fund is 30 June 2019
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance, Laws of Hong Kong (Chapter 571), as amended

“SGD”	Singapore dollar, the lawful currency of Singapore
“Sub-Fund”	a separate pool of assets of the Fund that is invested and administered separately
“Subscription Charge”	the subscription charge (if any) payable on the issue of Units and as specified in the relevant Appendix
“Subscription Day”	in relation to a Sub-Fund, or, as the context may require, of a particular Class relating to a Sub-Fund, such Business Day or such other day or days as the Manager and the Trustee may from time to time determine, either generally or in respect of a particular Class or Classes of Units, for effecting any requests for subscription of Units in that Sub-Fund or the relevant Class or Classes and as specified in the relevant Appendix
“Subscription Deadline”	in relation to a Subscription Day, such time by which an application for subscription in respect of a Sub-Fund or a Class of Units must be received either on such Subscription Day or on such other Business Day or day as the Manager and the Trustee may from time to time determine generally or in relation to any particular jurisdiction in which Units of that Sub-Fund or the relevant Class may from time to time be sold and as specified in the relevant Appendix
“Switching Fee”	the switching fee (if any) payable on the conversion of Units and as specified in the relevant Appendix
“Trust Deed”	the trust deed dated 3 October 2018 establishing the Fund and entered into by the Manager and the Trustee (as amended from time to time)
“Transfer Agent”	ICBC (Asia) Trustee Company Limited in its capacity as the transfer agent of the Fund and its Sub-Funds or such other entity as may be appointed from time to time as the transfer agent of the Fund and its Sub-Funds
“Trustee”	ICBC (Asia) Trustee Company Limited in its capacity as trustee of the Fund and its Sub-Funds or such other entity as may be appointed from time to time as the trustee of the Fund and its Sub-Funds
“Unit”	a unit in a Sub-Fund
“Unitholder”	a person registered as a holder of a Unit
“U.S.”	United States of America

“US\$” or “USD”	US Dollars, the lawful currency of the United States of America
“Valuation Day”	each Business Day on which the Net Asset Value of a Sub-Fund and/or the Net Asset Value of a Unit or a Class of Unit falls to be calculated and in relation to each Subscription Day or Redemption Day (as the case may be) of any Class or Classes of Units means either such Subscription Day or Redemption Day (as the case may be) or such other Business Day or day as the Manager and the Trustee may from time to time determine, either generally or in relation to a particular Sub-Fund or Class of Units, and as specified in the relevant Appendix
“Valuation Point”	the close of business in the last relevant market to close on a relevant Valuation Day or such other time on that day or such other day as the Manager and the Trustee may determine from time to time either generally or in relation to a particular Sub-Fund or Class of Units and as specified in the relevant Appendix

THE FUND

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

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

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

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

MANAGEMENT AND ADMINISTRATION OF THE FUND

Manager

The Manager of the Fund is GaoTeng Global Asset Management Limited.

The Manager is licensed with the Securities and Futures Commission in Hong Kong to conduct Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities under Part V of the Securities and Futures Ordinance with CE number BFC246. The Manager's licence with the SFC is subject to the condition that the licensee shall not hold client assets. The terms "hold" and "client assets" are as defined under the Securities and Futures Ordinance. The Manager is principally engaged in fund management activities. The Manager undertakes the management of the assets of the Fund. The Manager may appoint Investment Adviser and delegate any of its management functions in relation to assets of specific Sub-Funds to such Investment Adviser subject to prior SFC approval. In the event that an Investment Adviser is appointed by the Manager in respect of an existing Sub-Fund, at least one month's prior notice will be provided to Unitholders of such Sub-Fund and this Explanatory Memorandum and/or the relevant Appendix will be updated to include such appointment.

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

Directors of Manager

Details of the directors of the Manager are as follows:

Guolu Qiu

Mr. Qiu serves as Chairman in Perseverance Asset Management L.L.P.. He previously served as the chief investment officer of China Southern Fund Management Co., Ltd., portfolio manager at Plinthos Capital, partner at Altair Navigator Management, and partner of Wedge Capital Management.

Wanying Bi

Mr Bi possesses over 18 years of experiences in the asset management industry. He served as an Executive Vice President of ICBC Credit Suisse Asset Management in Beijing between 2013 and 2015, and was a member of the Management Committee, Investment Committee, and Risk Committee of the firm. He also served as the Chief (Investment) Risk Officer of Harvest Fund Management in Beijing between 2007 and 2013. Previously he held multiple positions in the United States at different firms including Vanguard and ING.

Yu Li

Mr. Li has over 14 years of experiences in global hedge fund. He was the founder and CIO of Milvus Capital. Previously he served as Head of Equity Investment in DH Fund Management, and Portfolio Manager in Millennium. He was rewarded One-Year Overseas Golden Bull Private Fund Investment Manager (Equity Hedge) in 2016.

Trustee, Registrar and Transfer Agent

The Trustee of the Fund is ICBC (Asia) Trustee Company Limited, which is a registered trust company in Hong Kong. The principal activity of the Trustee is the provision of trustee services.

The Trustee is a wholly-owned subsidiary of Industrial and Commercial Bank of China (Asia) Limited, which is a company incorporated in Hong Kong and a bank licensed under section 16 of the Banking Ordinance (Chapter 155 of the Laws of Hong Kong). Under the Trust Deed, the Trustee is responsible for the safe-keeping of the assets of the Fund and each Sub-Fund, and such assets will be dealt with pursuant to the terms of the Trust Deed. The Trustee may, from time to time appoint such person or persons (including a connected person) as custodian, co-custodians or sub-custodian in respect of the whole or any part of the assets of any Sub-Fund and may empower any such custodian or co-custodian to appoint, subject to no objection in writing by the Trustee, sub-custodians. The fees and expenses of such custodian, co-custodian and sub-custodians or any persons appointed by the Trustee in relation to the relevant Sub-Fund shall be paid out of the relevant Sub-Fund.

The Trustee shall (A) exercise reasonable care and diligence in the selection, appointment and ongoing monitoring of its agent, nominee, custodian, co-custodian or sub-custodian to hold any of the investments of a Sub-Fund (each a “**Correspondent**”); and (B) be responsible during the term of appointment of each Correspondent for satisfying itself that such persons retained remain suitably qualified and competent to provide services to the Fund or any Sub-Fund. Provided that the Trustee has discharged its obligations set out in (A) and (B) the Trustee shall not be liable for any act, omission, insolvency, liquidation or bankruptcy of any Correspondent that is not a connected person of the Trustee. The Trustee shall remain liable for any act or omission of any Correspondent that is a connected person of the Trustee as if the same were the act or omission of the Trustee. The Trustee shall use reasonable endeavours to recover any loss of investments and other assets arising from any default of a Correspondent.

The Trustee shall not be responsible for any act or omission of: (a) Euroclear Bank S.A./N.V., Clearstream Banking, S.A. or any other such depositary or clearing system in relation to any investment deposited with such depositary or clearing system; or (b) any lender or a nominee appointed by the lender in whose name any assets of a Sub-Fund are registered pursuant to a borrowing undertaken for the account of such Sub-Fund.

Under the Trust Deed, the Trustee and its directors, officers, employees, delegates and agents shall be entitled for the purpose of indemnity against any actions, proceedings, liabilities, costs, claims, damages, expenses (including all reasonable legal, professional and other similar expenses) or demands to which it may be put or asserted against, or may incur or suffer in performing its obligations or functions relating to a Sub-Fund, including those arising out of any liability in respect of agreements which the

Trustee or the Manager may enter into with other service providers on behalf of any Sub-Fund. The Trustee and its directors, officers, employees, delegates and agents shall be entitled to have recourse to the assets of the relevant Sub-Fund or any part thereof but shall not have a right of recourse to the assets of any other Sub-Fund. Notwithstanding the foregoing, the Trustee shall not be exempted from or indemnified against any liability imposed under the laws of Hong Kong (including under the Trustee Ordinance) or for breach of trust through fraud or negligence for which it may be liable in relation to its duties, or be indemnified against such liability by Unitholders or at Unitholders' expense.

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

The Trustee (in its capacity as Registrar) will maintain the register of Unitholders. The Trustee also acts as Transfer Agent. It will be responsible for providing transfer agency services to the Fund and the Sub-Funds, including but not limited to, processing applications for the subscription, conversion and redemption of the Units.

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

Custodian

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

ICBC (Asia) is a wholly-owned subsidiary of Industrial and Commercial Bank of China Limited which is the largest commercial bank in the world by market capitalization as at 31 December 2014. The Industrial and Commercial Bank of China Limited group (“ICBC Group”) has reached RMB14.1 trillion assets under custody as at 31 December 2016. ICBC (Asia), being the flagship of ICBC Group outside China provides global custodian services to institutional clients and is a regional centre covering Asia-Pacific.

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

Authorised Distributors

The Manager may appoint one or more Authorised Distributor(s) to market, promote, sell and/or

distribute Units of one or more Sub-Fund(s), and to receive applications for subscription, redemption and/or conversion of Units.

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

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

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

Other Service Providers

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

INVESTMENT CONSIDERATIONS

Investment Objective and Policies

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

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

Any changes in the investment objective and/or policy which are not immaterial changes will be subject to the prior approval of the SFC and notified to the affected Unitholders by at least one month's prior written notice (or such other notice period as agreed with the SFC). Set out below are the overriding principles and requirements that must be satisfied in order for any changes to be immaterial changes:

- (a) the changes do not amount to a material change to the relevant Sub-Fund;
- (b) there will be no material change or increase in the overall risk profile of the relevant Sub-Fund following the changes; and
- (c) the changes do not materially prejudice the rights or interests of Unitholders of the relevant Sub-Fund.

Investment Restrictions

The Trust Deed sets out restrictions and prohibitions on the acquisition of certain investments by the Manager. Unless otherwise disclosed in the relevant Appendix, each of the Sub-Funds is subject to the following principal investment restrictions:-

- (a) not more than 10% of the latest available Net Asset Value of a Sub-Fund may consist of securities issued by a single issuer (other than Government and other public securities);
- (b) a Sub-Fund may not hold more than 10% (when aggregated with the holdings of all the other Sub-Funds) of any ordinary shares issued by any single issuer;
- (c) not more than 15% of the latest available Net Asset Value of a Sub-Fund may consist of securities of any company neither listed, quoted nor dealt in on a Securities Market;

- (d) not more than 15% of the latest available Net Asset Value of a Sub-Fund may consist of warrants and options (in terms of the total amount of premium paid), other than warrants and options held for hedging purposes;
- (e) (i) not more than 10% of the latest available Net Asset Value of a Sub-Fund may in aggregate consist of shares or units in other collective investment schemes (namely “**underlying schemes**”) which are non-recognised jurisdiction schemes (as permitted under the Code) and not authorised by the SFC; (ii) not more than 30% of the latest available Net Asset Value of a Sub-Fund may consist of shares or units in an underlying scheme which is a recognised jurisdiction scheme (i.e. a UCITS III scheme which is domiciled in Luxembourg, Ireland or the United Kingdom, whether or not authorised by the SFC) or an SFC-authorised scheme; provided that
 - (1) no investment may be made in an underlying scheme the investment objective of which is to invest primarily in any investment prohibited under Chapter 7 of the Code;
 - (2) where the investment objective of such underlying scheme is to invest primarily in investments restricted under Chapter 7 of the Code and/or applicable laws and regulations, such holdings may not be in contravention of the relevant limitation;
 - (3) all initial charges on the underlying scheme must be waived if the underlying scheme is managed by the Manager or any of its connected persons; and
 - (4) the Manager may not obtain a rebate on any fees or charges levied by such underlying scheme or its manager;
- (f) subject to paragraph (g) below, not more than 20% of the latest available Net Asset Value of a Sub-Fund may consist of physical commodities (including gold, silver, platinum or other bullion) and commodity based investments (other than shares in companies engaged in producing, processing or trading in commodities);
- (g) the net total aggregate value of futures contract prices, whether payable to or by a Sub-Fund under all outstanding futures contracts (other than futures contracts entered into for hedging purposes), together with the aggregate value of investments falling within paragraph (f) above held by that Sub-Fund, may not exceed 20% of the latest available Net Asset Value of that Sub-Fund;
- (h) notwithstanding paragraphs (a) and (b) above, not more than 30% of the latest available Net Asset Value of a Sub-Fund may consist of Government and other public securities of the same issue;
- (i) subject to paragraph (h) above, a Sub-Fund may be fully invested in Government and other public securities issued by a single issuer provided that it holds Government and other public securities of at least six different issues; and

- (j) if the name of a Sub-Fund indicates a particular objective, geographic region or market, the Sub-Fund must invest at least 70% of its non-cash assets in securities and other investments to reflect the particular objective or geographic region or market which the Sub-Fund represents.

For the purpose of this section, “**Government and other public securities**” means any investment issued by, or the payment of principal and interest on, which is guaranteed by the government of any member state of the Organisation for Economic Co-operation and Development (“**OECD**”) or any fixed interest investment issued in any OECD country by a public or local authority or nationalised industry of any OECD country or anywhere in the world by any other body which is, in the opinion of the Trustee, of similar standing. “**Government and other public securities**” will be regarded as being of a different issue if, even though they are issued by the same person, they are issued on different terms whether as to repayment dates, interest rates, the identity of the guarantor, or otherwise.

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

- (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 collectively the directors and the officers of the Manager 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 or interests in real estate investment trusts);
- (iii) make short sales if as a consequence the liability of such Sub-Fund to deliver securities would exceed 10% of the latest available 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);
- (iv) write uncovered options;
- (v) write a call option if the aggregate of the exercise prices of all call options written on behalf of the relevant Sub-Fund would exceed 25% of the latest available Net Asset Value of that Sub-Fund;
- (vi) lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person without the prior written consent of the Trustee;
- (vii) enter into any obligation on behalf of a Sub-Fund or acquire any asset for the account of that Sub-Fund which involves the assumption of any liability which is unlimited; or
- (viii) invest in any security where a call is to be made for any sum unpaid on that security, unless the call could be met in full out of cash or near cash from such Sub-Fund, the amount of which has not already been taken into account for the purposes of paragraph (v) above.

Borrowing Restrictions

Unless otherwise disclosed in the relevant Appendix, the Manager may borrow up to 25% of the latest available Net Asset Value of a Sub-Fund (except for a Sub-Fund which is a capital markets scheme (as defined in the Code) which may not exceed 10% of the latest available Net Asset Value of such Sub-Fund) to acquire investments, to meet redemption requests or to pay expenses relating to the relevant Sub-Fund. For this purpose, back-to-back loans do not count as borrowing. The assets of a Sub-Fund may be charged or pledged as security for any such borrowings.

Breach of Investment and Borrowing Restrictions

If the investment and borrowing restrictions set out above are breached, the Manager shall as a priority objective take all steps necessary within a reasonable period of time to remedy the situation, having due regard to the interests of Unitholders.

Leverage

The expected maximum level of leverage of a Sub-Fund will be available on the Manager's website www.gaotengasset.com and from the Manager upon request on or around 17 November 2018. Note that the Manager's website has not been reviewed by the SFC.

Securities Lending and Repurchase / Reverse Repurchase Transactions

A Sub-Fund may enter into any securities lending or repurchase / reverse repurchase transactions or other similar over-the-counter transactions.

Where a Sub-Fund enters into securities lending or repurchase / reverse repurchase transactions or other similar over-the-counter transactions, the Manager adopts the following policy.

In order to manage the counterparty risk associated with securities lending, repurchase and reverse repurchase transactions, a Sub-Fund will enter into these transactions only with counterparties approved by the Manager. The Manager has counterparty selection policies and control measures to manage the credit risks of counterparties during the relevant transaction periods. In general, the Manager will generally seek to appoint counterparties with a credit rating of BBB- or above (by Moody's or Standard & Poor's, or any other equivalent ratings by recognized credit rating agencies); however, in certain cases, for example, to achieve better liquidity in specific markets and where considered by the Manager to be in the interest of the relevant Sub-Fund, the credit ratings of some of the selected counterparties may be below investment grade. The Manager will monitor and conduct periodic review on the counterparties, including but not limited to their financial standing, execution standards, and services provided e.g. settlement capabilities.

Collateral received must be at least equal to the relevant counterparty exposure when received. In general, the Manager approves collateral based on various criteria: the liquidity of the collateral, market

risks and price volatility of the collateral, issuer credit risk, etc. Collateral acceptable to the Manager normally includes (but is not limited to) high quality readily marketable assets, such as U.S dollar, U.S treasury and other high quality sovereign/corporate bonds etc.. Lower quality assets might be eligible under certain circumstances, and the Manager will apply a conservative haircut policy. The Manager will seek to achieve diversification of the portfolio of collateral to avoid concentration and correlation between the counterparty and the collateral received. Collateral received on behalf of a Sub-Fund for reverse repurchase transactions is subject to a haircut (a discount applied if the value or liquidity of the collateral declines).

Any incremental income generated will be credited to the account of the relevant Sub-Fund after deducting any fees charged by parties such as custodian banks, international clearing organisations or agents operating or administering such transactions.

The Manager currently does not intend to carry out any repurchase and reverse repurchase transactions with or through a connected person of the Manager or the Trustee. Details (such as information on income, direct and indirect costs, fees, entities to which such costs and fees are paid and the relationship of the entities with the Manager or the Trustee (if any)) of the securities lending, repurchase transactions and/or reverse repurchase transactions will be disclosed in the relevant Sub-Fund's annual reports.

Please refer to the relevant Appendix for limits on the aggregate assets that may be invested in these transactions in respect of a Sub-Fund.

Investors should note the risks associated with securities lending, repurchase transactions, reverse repurchase transactions and other similar over-the-counter transactions:

• *Risks relating to securities lending transactions*

Securities lending transactions may involve the risk that the borrower may fail to return the securities lent out in a timely manner and the value of the collateral may fall below the value of the securities lent out.

• *Risks relating to repurchase transactions*

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

• *Risks relating to reverse repurchase transactions*

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

RISK MANAGEMENT POLICIES

General risk management policies

The Fund is exposed to a variety of risks in pursuing its stated investment objectives and policies. These risks include, but are not limited to, liquidity risk, credit risk and market risk (which in turn includes foreign currency risk, interest rate risk and market price risk etc.). The Manager has adopted a set of risk management policies that enables it to identify, assess and manage the risks stated above, and to all other risks that are material for the Fund (for example, the operational risk).

The Manager has formed a risk management committee which operates independently, oversees policies for each of these risks and reviews their competence and effectiveness regularly or on ad hoc basis when circumstances suddenly change. The techniques and procedures relevant to the Fund's risk management are summarised as follows.

Market risk management

The Manager has established and maintained effective market risk management measures and methodologies, by using adequate and robust risk management systems and tools, to quantify and manage the impact on the Fund from changing market conditions and price movements. These measures and methodologies include (but not limited to) appropriate risk indicators (e.g. value-at-risk), sensitivity analyses, and stress testing etc.

Counterparty credit risk management

The Manager consistently evaluates the creditworthiness of the Fund's counterparties from the review of macroeconomic outlooks, industry trends and fundamental financial information. The Manager has set credit risk management policy and monitors adherence to it by setting credit limits for both transaction level credit risk as well as the overall exposure to certain counterparties and issuers. The Manager also seeks to achieve credit diversification to avoid concentration and correlation between counterparties and issuers.

Operational risk management

The Manager has elaborate operational procedures, standards and internal controls across its full scope of business activities, including investment, trading, and operations etc., to reduce the likelihood or impact of operational incidents. Further, the Manager has full and complete BCP (Business Continuity Planning) in place to ensure the preservation of essential data and the continuity or timely recovery of services and activities.

Specific liquidity management policies

The Manager has established a liquidity management policy which enables it to identify, monitor and manage the liquidity risks of the Fund and to ensure that the liquidity profile of the investments of the

Fund will facilitate compliance with the 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 investors and safeguard the interests of remaining investors 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 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 Fund on an on-going basis to ensure that such investments are appropriate to the redemption policy and will facilitate compliance with the 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 Fund under normal and exceptional market conditions.

RISK FACTORS

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

Risk of not achieving investment objective

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

Investment risk

Investments involve risks. Each Sub-Fund is not principal guaranteed. Investment in a Sub-Fund is not in the nature of a deposit in a bank account and is not protected by any government, government agency or other guarantee scheme which may be available to protect the holder of a bank deposit account. There is no guarantee that in any time period, particularly in the short term, a Sub-Fund's portfolio will achieve appreciation in terms of capital growth. Each Sub-Fund is subject to market fluctuations and to the risks inherent in all investments. The price of Units of any Sub-Fund and the income from them may go down as well as up.

Market risk

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

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

Equity investment risks

A Sub-Fund may invest directly or indirectly in equity securities. Investing in equity securities may offer a higher rate of return than those investing in short term and longer term debt securities. However, the risks associated with investments in equity securities may also be higher, because the investment performance of equity securities depends upon factors which are difficult to predict. As a result, the market value of the equity securities that it invests in may go down as well as up. Factors affecting the equity securities are numerous, including but not limited to general market risks, changes in investment sentiment, political environment, economic environment, issuer-specific factors and the business and social conditions in local and global marketplace. Securities exchanges typically have the right to suspend or limit trading in any security traded on the relevant exchange; a suspension will render it impossible to liquidate positions and can thereby expose the relevant Sub-Fund to losses.

Volatility risk

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

Risk relating to small- and mid-capped companies

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

Risks of investing in IPO securities

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

Risks relating to debt securities

- ***Credit risk***
Investment in bonds or other debt securities involve credit risk of the issuers. An issuer suffering an adverse change in its financial condition could lower the credit quality of a security, leading to greater price volatility of the security. A lowering of the credit rating of a security or its issuer may also affect the security's liquidity, making it more difficult to sell. A Sub-Fund's

investment is also subject to the risk that issuers may not make timely payments on principal and/or interests of the securities they issue. If the issuers of any of the securities in which the Sub-Fund's assets are invested default, the performance of the Sub-Fund will be adversely affected.

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

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

- *Credit ratings risk*

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

- *Mainland credit rating agency risk*

In relation to securities rated by Mainland China rating agencies, it should be noted that the appraisal system in the Mainland and the rating methodologies employed in the Mainland may be different from those employed in other markets. Therefore credit ratings given by Mainland rating agencies may not be directly comparable with those given by other international rating agencies.

- *Credit rating downgrading risk*

The credit rating assigned to a security or an issuer may be re-evaluated and updated based on recent market events or specific developments. As a result, investment grade securities may be subject to the risk of being downgraded to below investment grade securities. Similarly, an issuer having an investment grade rating may be downgraded, for example, as a result of deterioration of its financial conditions. In the event of downgrading in the credit ratings of a

security or an issuer relating to a security, a Sub-Fund's investment value in such security may be adversely affected. The Manager may or may not dispose of the securities, subject to the investment objectives of the relevant Sub-Fund. In the event of investment grade securities being downgraded to below investment grade securities and such securities continued to be held by the Sub-Fund, the Sub-Fund will also be subject to the below investment grade securities risk outlined in the following paragraph.

- *Below investment grade and unrated securities risk*

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

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

- *Interest rates risk*

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

- *Valuation risk*

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

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

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

- *Unlisted debt securities risk*

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

Risks of investing in other funds

A Sub-Fund may invest in underlying funds which are not regulated by the SFC and will be subject to the risks associated with the underlying funds. In addition to the expenses and charges charged by such Sub-Fund, investor should note that there are additional fees involved when investing into these underlying funds, including fees and expenses charged by investment manager of these underlying funds as well as fees payable by the relevant Sub-Fund during its subscription to or redemption from these underlying funds. Furthermore, there can be no assurance that 1) the liquidity of the underlying funds will always be sufficient to meet redemption request as and when made; and 2) investment objective and strategy will be successfully achieved despite the due diligence procedures undertaken by

the Manager and the selection and monitoring of the underlying funds. These factors may have adverse impact on the relevant Sub-Fund and its investors. If a Sub-Fund invests in an underlying fund managed by the Manager or connected person of the Manager, potential conflict of interest may arise. Please refer to the section headed “*General Information - Conflicts of Interest*” for details under the circumstances.

Borrowing Risks

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

Emerging markets risks

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

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

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

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

China market risks

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

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

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

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

Renminbi currency risk

A Sub-Fund may invest in securities denominated in Renminbi (or RMB) and therefore, it may be subject to Renminbi currency risks.

Starting from 2005, the exchange rate of the Renminbi is no longer pegged to the US dollar. The Renminbi has now moved to a managed floating exchange rate based on market supply and demand with reference to a basket of foreign currencies. The daily trading price of the Renminbi against other major currencies in the inter-bank foreign exchange market would be allowed to float within a narrow band around the central parity published by the People's Bank of China. As the exchange rates are based primarily on market forces, the exchange rates for Renminbi against other currencies, including US dollars and Hong Kong dollars, are susceptible to movements based on external factors.

The possibility that the appreciation of Renminbi will be accelerated cannot be excluded. On the other hand, there can be no assurance that the Renminbi will not be subject to devaluation. Any devaluation of the Renminbi could adversely affect the value of investors' investments in the Sub-Fund.

Further, the PRC government's imposition of restrictions on the repatriation of Renminbi out of mainland China may limit the depth of the Renminbi market outside the PRC and reduce the liquidity of a Sub-Fund (insofar as the Sub-Fund is required to convert currencies to or from RMB) or meet realisation requests in Renminbi (if required). In addition, under the current regulations, the rate at which Renminbi may be exchanged outside the PRC (in the case of Hong Kong, the "CNH" rate) may be different from the exchange rate within the PRC (the "CNY" rate) and such divergence may increase due to supply and demand. In calculating the value of non-RMB denominated or settled assets and the

prices of Units, the Manager will normally apply the CNH rate, and the value of the Sub-Fund thus calculated will be affected by fluctuations in the CNH rate.

It should be noted that the Renminbi is currently not a freely convertible currency as it is subject to foreign exchange control policies of the PRC government. The PRC government's policies on exchange control and repatriation restrictions are subject to change, and a Sub-Fund's or the investors' position may be adversely affected. Under exceptional circumstances, payment of redemptions may be delayed due to exchange controls and restrictions applicable to Renminbi.

Sovereign risks

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

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

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

Concentration risk

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

susceptible to fluctuations in value resulting from limited number of holdings or from adverse conditions in their respective country/region/sector/asset class.

Settlement risk

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

Custodial risk

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

Counterparty risk

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

Currency and foreign exchange risk

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

to additional currency risk. These risks may have adverse impact on the relevant Sub-Fund and its investors.

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

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

Derivative and structured product risk

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

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

Over-the-counter markets risk

Over-the-counter (“OTC”) markets are subject to less governmental regulation and supervision of transactions (in which many different kinds of financial derivative instruments and structured products are generally traded) than organised exchanges. In addition, many of the protections afforded to participants on some organised exchanges, such as the performance guarantee of an exchange clearing

house, may not be available in connection with transactions carried out on OTC markets. Therefore, a Sub-Fund entering into transactions on OTC markets will be subject to the risk that its direct counterparty will not perform its obligations under the transactions and that a Sub-Fund will sustain substantial losses as a result.

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

Hedging risk

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

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

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

Risks relating to hedging and currency hedged classes

Some Sub-Funds may offer currency hedged classes of Units. Investors who wish to invest in such classes should note that the returns may differ due to various factors including interest rate differentials between the Class Currency and the relevant Sub-Fund's Base Currency and transaction costs.

Further, there is no guarantee that the desired hedging instruments will be available or hedging techniques will achieve their desired result. There can be no assurance that any currency hedging strategy will fully and effectively eliminate the fluctuation between the Base Currency and the relevant Class Currency. Investment in the currency hedged classes may preclude Unitholders from benefiting from an increase in the value of the Sub-Fund's Base Currency.

Liquidity risk

Some of the markets in which a Sub-Fund invests may be less liquid and more volatile than the world's leading stock markets and this may result in the fluctuation in the price of securities traded on such markets.

Certain securities may be difficult or impossible to sell, and this would affect the relevant Sub-Fund's ability to acquire or dispose of such securities at their intrinsic value. As a result, this may have adverse impact on the relevant Sub-Fund and its investors.

Difficulties in valuation of investments

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

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

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

Restricted markets risk

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

Legal, tax and regulatory risk

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

Risk of termination

A Sub-Fund may be terminated in certain circumstances which are summarised under the section "***General Information - Termination of Fund or a Sub-Fund***", including where, on any date, in

relation to the Fund, the aggregate Net Asset Value of all Units outstanding thereunder shall be less than HK\$50 million or its equivalent or in relation to a Sub-Fund, the aggregate Net Asset Value of the Units outstanding thereunder shall be less than HK\$ 50 million or its equivalent (or other amounts disclosed in the Appendix). In the event of the termination of a Sub-Fund, such Sub-Fund would have to distribute to the Unitholders their pro rata interest in the assets of the Sub-Fund. It is possible that at the time of such sale or distribution, certain investments held by the relevant Sub-Fund will be worth less than the initial cost of acquiring such investments, resulting in a loss to the Unitholders. Moreover, any organisational expenses (such as establishment costs) with regard to the relevant Sub-Fund that had not yet been fully amortised would be debited against the Sub-Fund's assets at that time.

Distributions risk

Distributions may be made in respect of the Distribution Classes. However, there is no guarantee that such distributions will be made nor will there be a target level of distributions payout. A high distribution yield does not imply a positive or high return.

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

For Accumulation Classes, the Manager does not intend to pay distributions. Accordingly, an investment in the Accumulation Classes may not be suitable for investors seeking income returns for financial or tax planning purposes.

Cross-Class liability

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

Creation of Sub-Funds or New Classes of Units

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

Non-compliance with HKFRS

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

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

Foreign Account Tax Compliance

Sections 1471 – 1474 (referred to as “**FATCA**”) of the US Internal Revenue Code of 1986, as amended (“**IRS Code**”) will impose rules with respect to certain payments to non-United States persons, such as the Fund and the Sub-Funds, including interest and dividends from securities of US issuers and gross proceeds from the sale of such securities. All such payments may be subject to withholding at a 30% rate, unless the recipient of the payment satisfies certain requirements intended to enable the US Internal Revenue Service (“**IRS**”) to identify United States persons (within the meaning of the IRS Code) with interests in such payments. To avoid such withholding on payments made to it, a foreign financial institution (an “**FFI**”), such as the Fund and the Sub-Funds, generally will be required to enter into an agreement (an “**FFI Agreement**”) with the US IRS under which it will agree to identify its direct or indirect investors who are United States persons and report certain information concerning such United States person investors to the US IRS.

In general, an FFI which does not sign an FFI Agreement or is not otherwise exempt will face a punitive 30% withholding tax on all “withholdable payments” derived from US sources, including dividends, interest and certain derivative payments made on or after 1 July 2014. In addition, starting from 1 January 2019, gross proceeds such as sales proceeds and returns of principal derived from stocks and debt obligations generating US source dividends or interest will be treated as “withholdable payments.”

The Hong Kong government has entered into an intergovernmental agreement with the US (“**IGA**”) for the implementation of FATCA, adopting “Model 2” IGA arrangements. Under this “Model 2” IGA arrangements, FFIs in Hong Kong (such as the Fund and Sub-Funds) would be required to register with

the US IRS and comply with the terms of an FFI Agreement to avoid a 30% withholding tax on withholdable payments to them.

It is expected that FFIs in Hong Kong complying with the 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 US accounts / recalcitrant accounts (i.e. accounts of which the holders failed to provide requested information and/or do not consent to FATCA reporting and disclosure to the US IRS) or close such recalcitrant accounts (provided that information regarding such non-consenting US accounts / recalcitrant account holders is timely reported to the US IRS if required), but may be required to withhold tax on payments made to non-participating FFIs.

As of the date hereof, the Fund and each Sub-Fund established as at the date hereof has already entered into FFI Agreement with the U.S. IRS and registered with the U.S. IRS.

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

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

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

Automatic Exchange of Financial Account Information

The Inland Revenue (Amendment) (No.3) Ordinance (the "Ordinance") came into force on 30 June 2016. The Ordinance together with the later amendments made is the legislative framework for the implementation in Hong Kong of the Standard for Automatic Exchange of Financial Account Information ("AEOI"). The AEOI requires financial institutions ("FI") in Hong Kong to collect information relating to account holders holding financial accounts with FIs and controlling persons of certain entity account holders, and report the relevant information to the Hong Kong Inland Revenue Department ("IRD") for exchange such information with those reportable jurisdiction(s) in which that

account holder or the controlling person is tax resident. Generally, tax information will be exchanged only with jurisdictions with which Hong Kong has a Competent Authority Agreement (“CAA”).

The Fund is required to comply with the requirements of AEOI as implemented by Hong Kong, which means that the Fund and/or its agents shall collect and may provide to the IRD information relating to Unitholders and prospective investors.

The AEOI rules as implemented by Hong Kong require the Fund and/or its agents to, amongst other things: (i) register the Fund’s status as a "Reporting Financial Institution" with the IRD; (ii) conduct due diligence on its Unitholders to identify whether any such Unitholders or its controlling person as defined under the Ordinance are considered as maintaining "Reportable Accounts" for AEOI purposes”; and (iii) report to the IRD information on such Reportable Accounts. The IRD is expected on an annual basis to transmit the information reported to it to the competent authorities of the relevant jurisdictions with which Hong Kong has signed a CAA. Broadly, AEOI contemplates that Hong Kong FIs should report on: (i) individuals or entities that are tax resident in a jurisdiction with which Hong Kong has signed a CAA; and (ii) certain entities controlled by individuals (i.e. controlling persons) who are tax resident in such other jurisdiction. Under the Ordinance, details of Unitholders, including but not limited to their name, jurisdiction of birth, address, tax residence(s), taxpayer identification number(s), account details, distributions and account balance/value, may be reported to the IRD and subsequently exchanged with the competent authorities in the relevant jurisdictions of tax residence.

By investing in the Fund and/or continuing to invest in the Fund, Unitholders acknowledge that they are required to enable the Fund to comply with AEOI by providing the required information to the Fund, and/or its agents in order to open an account. Moreover, Unitholders acknowledge that they may be required to provide additional information to the Fund and/or its agents in order for the Fund to comply with AEOI. The Unitholder’s information (and information on beneficial owners, beneficiaries, direct or indirect Unitholders or other persons associated with such Unitholders that are not natural persons), may be reported to and communicated by the IRD to the competent authorities in other jurisdictions. The failure of a Unitholder to provide any requested information, may result in the Fund, and/or its agents taking any action and/or pursue remedies at their disposal including, without limitation, mandatory redemption or withdrawal of the Unitholder concerned, provided that the relevant party has acted in good faith and on reasonable grounds and as permitted by applicable laws and regulations.

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

Conflicts of Interest; Other Activities of the Manager

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

Effect of Substantial Redemptions

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

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

INVESTING IN THE FUND

Classes of Units

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

Initial Offer

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

Minimum Subscription Level

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

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

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

Subsequent Subscription

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

Issue Price

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

In calculating the Issue Price, the Manager may impose such amount (if any) as the Manager may estimate as an appropriate allowance to reflect (i) the difference between the last traded price (or the mean between the last available bid and asked prices) of the investments of the relevant Sub-Fund and the latest available asked price of such investment and (ii) fiscal and purchase charges (including any stamp duty, other taxes, duties or governmental charges, brokerage, bank charges, transfer fees, or registration fees) which would be incurred for the account of the relevant Sub-Fund in investing an amount equal to that Net Asset Value per Unit. For further details, please see “*Valuation and Suspension – Adjustment of Prices*” below.

The Issue Price shall be rounded down to 2 decimal places. Any amount corresponding to such rounding will accrue to the relevant Sub-Fund.

Subscription Charge

The Manager, its agents or delegates may charge a Subscription Charge on the issue of each Unit of a percentage of either (i) the Initial Offer Price or the Issue Price, as the case may be, of such Unit or (ii) the total subscription amount received in relation to an application, as the Manager may at its discretion determine. The maximum rate of the Subscription Charge is 3%. The current rate of Subscription Charge (if any) and the manner in which it will be imposed are specified in the relevant Appendix. For the avoidance of doubt, a lower maximum rate of Subscription Charge may be imposed in relation to the issue of Units of a Sub-Fund as compared to other Sub-Funds and also in relation to different Classes of Units of a Sub-Fund.

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

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

Minimum Initial Subscription Amount and Minimum Subsequent Subscription Amount

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

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

Application Procedures

Applications for subscription of Units may be made to the Transfer Agent with the prescribed form and sent by post or by facsimile (for facsimile the original should follow by post) to the Transfer Agent at the business address or facsimile number provided. The Manager and/or the Transfer Agent may request further supporting documents and/or information to be provided.

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

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

Investors may also subscribe for Units through Authorised Distributors appointed by the Manager. Where investors subscribe through Authorised Distributors, they should pay attention to the applicable dealing procedures which can be obtained from the relevant Authorised Distributors. In particular, Authorised Distributors may impose an earlier dealing cut-off time than the Subscription Deadline. Any request submitted after the Authorised Distributors' dealing cut-off time will be dealt with on the next Subscription Day in general.

Payment procedures

Payment for Units subscribed for cash during the Initial Offer Period and the Subscription Charge (if any) is due in cleared funds by the IOP Deadline.

Following the close of the Initial Offer Period, unless the Manager otherwise determines, payment for Units shall be due in cleared funds in the relevant currency within 3 Business Days following the relevant Dealing Day on which an application was received by the Dealing Deadline. If payment in cleared funds is not received prior to such time as aforesaid, the application may, at the discretion of the Manager, be considered void and cancelled. However, the Manager must cancel the issue of the

relevant Units if the Trustee so requires. Neither the Manager nor the Trustee is liable to an applicant for any loss, damages, liability, costs or expenses the applicant incurs as a result of such cancellation and the applicant has no right to claim against the Manager or the Trustee in respect of such loss, damages, liability, costs or expenses. In such event the Manager and the Trustee may require the applicant to pay to the Trustee, for the account of the relevant Sub-Fund, in respect of each 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, plus interest; and the Manager and the Trustee shall be entitled to charge the applicant, for the account of the relevant Sub-Fund, a cancellation fee for the administrative costs involved in processing the application and subsequent cancellation.

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

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

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

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

General

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

If an application is rejected (either in whole or in part) or the Manager determines that the relevant Class

of Units or the relevant Sub-Fund and the Class or Classes of Units related to it will not be launched, subscription moneys (or the balance thereof) will be returned within 14 Business Days from the relevant Subscription Day without interest and after deducting any of out-of-pocket fees and charges incurred by the Manager and the Trustee by telegraphic transfer to the bank account from which the moneys originated at the risk and expense of the applicant or in such other manner as the Manager and the Trustee may from time to time determine. Save for any liability imposed under the laws of Hong Kong or for breach of trust through fraud or negligence of the Trustee or the Manager, none of the Manager, the Trustee or their respective delegates or agents will be liable to the applicant for any loss the applicant suffers as a result of the rejection or delay of any application.

Units issued by the Fund will be held for investors in registered form. Certificates will not be issued. A confirmation will be issued upon acceptance of an applicant's application and the receipt of cleared funds and will be forwarded to the applicant (at the risk of the person entitled thereto).

In case of any error in a contract note issued by intermediaries or an Authorised Distributor, applicants should contact the relevant intermediaries or the Authorised Distributor promptly for rectification.

Fractions of a Unit (rounded down to 2 decimal places) may be issued. Any amount corresponding to such rounding will accrue to the relevant Sub-Fund.

Restrictions on Issue

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

REDEMPTION OF UNITS

Redemption of Units

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

Redemption Price

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

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

The Redemption Price shall be rounded down to 2 decimal places. Any amount corresponding to such rounding will accrue to the relevant Sub-Fund.

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

Redemption Charge

The Manager may charge a Redemption Charge on the redemption of Units of a percentage of either (i) the Redemption Price per Unit; or (ii) the total redemption amount in relation to a redemption request, as the Manager may at its discretion determine. The maximum rate of the Redemption Charge is 1%. The current rate of Redemption Charge (if any) and the manner in which it will be imposed are specified in the relevant Appendix. For the avoidance of doubt, a lower maximum rate of Redemption Charge

may be imposed in relation to the redemption of Units of a Sub-Fund as compared to other Sub-Funds and also in relation to different Classes of Units of a Sub-Fund.

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

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

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

Minimum Redemption Amount and Minimum Holding Amount

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

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

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

Redemption Procedures

Applications for redemption of Units may be made to the Transfer Agent by completing the prescribed form and sent by post or by facsimile (for facsimile the original should follow by post) to the Transfer Agent at the business address or facsimile number provided.

A redemption request received by the Transfer Agent by the Redemption Deadline of a Redemption Day will be dealt with on that Redemption Day. If an application for redemption of Units is received after the Redemption Deadline in respect of a Redemption Day then the application will be held over until the next Redemption Day provided that the Manager may in the event of system failure which is

beyond the reasonable control of the Manager or events of natural disaster after taking into account the interest of other Unitholders of the relevant Sub-Fund, exercise its discretion to accept a redemption request in respect of a Redemption Day which is received after the Redemption Deadline if it is received prior to the Valuation Point relating to that Redemption Day. Notwithstanding the aforesaid, where in the Trustee's reasonable opinion, the Trustee's operational requirements cannot support accepting any such redemption request, the Manager shall not exercise its discretion to accept any redemption request.

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

Investors may also redeem Units through Authorised Distributors through which the Units were subscribed. Where investors redeem through Authorised Distributors, they should pay attention to the applicable dealing procedures which can be obtained from the relevant Authorised Distributors. In particular, Authorised Distributors may impose an earlier dealing cut-off time than the Redemption Deadline. Any request submitted after the Authorised Distributors' dealing cut-off time will be dealt with on the next Redemption Day in general.

Payment of Redemption Proceeds

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

Unless otherwise specified in the relevant Appendix relating to a Sub-Fund and subject to the approval of the Manager, and to applicable limits on foreign exchange, redemption proceeds can be paid in a currency other than the relevant Base Currency or Class Currency. Redemption proceeds may be paid in a currency other than the relevant Base Currency or Class Currency if so requested by the relevant redeeming Unitholders and agreed by the Manager. In addition, the Manager may without the consent of the relevant redeeming Unitholders, pay redemption proceeds in a currency other than the relevant Class Currency if due to any foreign exchange control or restriction or regulatory requirement or policy, the relevant Class Currency is not available or not sufficient for payment of the redemption proceeds. Where redemption proceeds are paid in a currency other than the relevant Base Currency or Class Currency, they will be converted from the relevant Base Currency or Class Currency at the cost of the relevant redeeming Unitholders. Any conversion from the relevant Base Currency or Class Currency, will be at the rate (whether official or otherwise) which the Manager deems appropriate in the circumstances having regard to any premium or discount which may be relevant and to costs of exchange. Conversion of currency may be made at a premium or discount in exceptional circumstances such as where there is a huge fluctuation in the exchange rate. Save for any liability imposed under the laws of Hong Kong or for breach of trust through fraud or negligence of the Trustee or the Manager, none of the Manager, the Trustee or their respective agents or delegates will be liable to any Unitholder or any person for any loss suffered by such Unitholder arising from such currency conversion.

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

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

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

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

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

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

Restrictions on Redemption

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

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

If requests for redemption are so carried forward, the Manager will inform the Unitholders concerned as soon as practicable and in any event within 3 Business Days of such Redemption Day.

Compulsory redemption of Units

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

- (a) in contravention of any laws or requirements of any country, any governmental authority or any stock exchange on which such Units are listed; or
- (b) in circumstances (whether directly or indirectly affecting such person and whether taken alone or in conjunction with any other persons, connected or not, or any other circumstances appearing to the Manager or the Trustee to be relevant) which in their opinion might result in the relevant Sub-Fund, the Fund, the Trustee and/or the Manager incurring any liability to taxation or suffering any other pecuniary disadvantage which the Sub-Fund, the Fund, the Trustee and/or the Manager might not otherwise have incurred or suffered,

the Manager or the Trustee may:

- (i) give notice requiring the relevant Unitholder to transfer the Units to a person who would not be in contravention of the above restrictions within 30 days of the date of the notice; or
- (ii) deem receipt of a redemption request in respect of such Units.

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

CONVERSION

Conversion of Units

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

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

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

Switching Fee

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

- (i) the Issue Price per Unit of the New Class as at the Valuation Point on the Valuation Day at which the Issue Price of such Units is ascertained; or
- (ii) the total amount being converted into.

The maximum rate of the Switching Fee is 2%. The current rate of Switching Fee (if any) and the manner in which it will be imposed are specified in the relevant Appendix. For the avoidance of doubt, a lower maximum rate of Switching Fee may be imposed in relation to the conversion of Units of a Sub-Fund as compared to other Sub-Funds and also in relation to different Classes of Units of a Sub-Fund.

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

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

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

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

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

Where in either case:-

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

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

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

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

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

SF is a Switching Fee (if any).

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

Conversion Procedures

Applications for conversion of Units may be made to the Transfer Agent by completing the prescribed form and sent by post or by facsimile (for facsimile the original should follow by post) at the business address or facsimile number provided.

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

Investors may also submit a conversion request through Authorised Distributors. Where investors submit a conversion request through Authorised Distributors, they should pay attention to the applicable dealing procedures which can be obtained from the relevant Authorised Distributors. In particular, Authorised Distributors may impose an earlier dealing cut-off time than the Redemption Deadline applicable to the Existing Class. Any request submitted after the Authorised Distributors' dealing cut-off time will be dealt with on the next Redemption Day in general.

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

Restrictions on Conversion

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

VALUATION AND SUSPENSION

Calculation of Net Asset Value

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

(a) Listed Investments

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

- (i) If the Manager in its discretion considers that the prices ruling on a Securities Market other than the principal Securities Market provide in all the circumstances a fairer criterion of value in relation to any such investment, it may, after consultation with the Trustee, adopt such prices.
- (ii) If an investment is quoted, listed or normally dealt in on more than one Securities Market, the Manager shall adopt the price on the market which is considered the principal market for such investment.
- (iii) For an investment where only a single external pricing source is available, the price shall be obtained independently for that source as the Manager may, after consultation with the Trustee, deem appropriate.
- (iv) In the case of any investment which is quoted, listed or normally dealt in on a Securities Market but in respect of which, for any reason, prices on that Securities Market may not be available at any relevant time, the value thereof shall be certified by such firm or institution making a market in such investment as may be appointed for such purpose by the Manager or if the Trustee so requires, by the Manager after consultation with the Trustee.
- (v) Where there is no Securities Market, all calculations based on the value of investments quoted by any person, firm or institution making a market in that investment (and if there shall be more than one such market maker then such particular market maker as

the Manager, in consultation with the Trustee, may determine) shall be made by reference to the mean of the latest bid and asked price quoted thereby.

- (vi) There shall be taken into account interest accrued on interest-bearing investments up to (and including) the date as at which the valuation is made, unless such interest is included in the quoted or listed price.
- (vii) If no last traded price or closing price is available for an investment quoted, listed or normally dealt in on a Securities Market, the value of such investment will be determined by reference to the value midway between the latest available market dealing offer price and the latest available market dealing bid price as calculated and published by the relevant Securities Market at or immediately preceding the Valuation Point, or in such manner at the discretion of the Manager in consultation with the Trustee.

(b) Unquoted Investments

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

(c) Cash, Deposits etc.

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

(d) Collective Investment Scheme

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

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

(e) Other Valuation Methods

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

(f) Conversion to Base Currency

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

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

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

The Manager shall exercise reasonable care and diligence in the selection of the valuation service providers and shall satisfy itself that such valuation service providers remain suitably qualified and competent to provide such price data and other information services.

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

Sub-Fund deviates from HKFRS, the Manager may make necessary adjustments in the annual financial statements for the financial statements to be in compliance with HKFRS.

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

Adjustment of Prices

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

The Manager will only make such adjustment to the Issue Price and Redemption Price with a view to protecting the interests of Unitholders under exceptional circumstances as determined by the Manager from time to time. Where necessary the Manager will seek the view of the Trustee prior to any adjustment in the Issue Price or Redemption Price and such adjustment would only be made where the Trustee has no objection to it. Exceptional circumstances for adjusting the Issue Price or Redemption Price may include (a) the aggregate net transactions (either net subscriptions or net redemptions) in Units having exceeded a pre-determined threshold set by the Manager from time to time; and/or (b) extreme market conditions which may have an unfavourable impact on the interests of existing Unitholders. In such circumstances the Net Asset Value per Unit of the relevant Class may be adjusted by an amount (not exceeding 1% of that Net Asset Value) which reflects the dealing costs that may be incurred by the relevant Sub-Fund and the estimated bid/offer spread of the assets in which the relevant Sub-Fund invests.

For the avoidance of doubt,

- (a) the Issue Price and Redemption Price, prior to any adjustment, will be determined with reference to the same Net Asset Value per Unit of the relevant Class; and
- (b) it is not the intention of the Manager to adjust the Issue Price upwards and the Redemption Price downwards for the same Subscription Day and Redemption Day; and
- (c) any adjustment in the Issue Price or Redemption Price must be made on a fair and equitable basis.

Suspension

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

- (a) there is a closure (other than customary weekend and holiday closing) of or the restriction or suspension of trading on any commodities market or Securities Market on which a substantial part of the investments of that Sub-Fund is normally traded or a breakdown in any of the means normally employed in ascertaining the prices of investments or the Net Asset Value of a Sub-Fund or the Issue Price or Redemption Price per Unit; or
- (b) for any other reason the prices of investments held or contracted for by the Manager for the account of that Sub-Fund cannot, in the opinion of the Manager or the Trustee, reasonably, promptly or fairly be ascertained; or
- (c) circumstances exist as a result of which, in the opinion of the Manager or the Trustee, it is not reasonably practicable to realise a substantial part of the investments held or contracted for the account of that Sub-Fund or it is not possible to do so without seriously prejudicing the interests of Unitholders of Units of the relevant Class; or
- (d) the remittance or repatriation of funds which will or may be involved in the realisation of, or in the payment for, a substantial part of the investments of that Sub-Fund or the issue or redemption of Units of the relevant Class is delayed or cannot, in the opinion of the Manager or the Trustee, be carried out promptly at normal rates of exchange; or
- (e) when a breakdown in the systems and/or means of communication usually employed in ascertaining the value of any of the investments or other assets of that Sub-Fund or the Net Asset Value of that Sub-Fund or the Issue Price or Redemption Price per Unit takes place or when for any other reason the value of any of the investments or other assets of that Sub-Fund or the Net Asset Value of that Sub-Fund or the Issue Price or Redemption Price per Unit cannot in the opinion of the Manager or the Trustee reasonably or fairly be ascertained or cannot be ascertained in a prompt or accurate manner; or
- (f) when, in the opinion of the Manager or the Trustee, such suspension is required by law or applicable legal process; or
- (g) where that Sub-Fund is invested in one or more collective investment schemes and the realisation of interests in any relevant collective investment scheme(s) (representing a substantial portion of the assets of the Sub-Fund) is suspended or restricted; or
- (h) when the business operations of the Manager or the Trustee or any of their delegates in relation to the operations of that Sub-Fund are substantially interrupted or closed as a result of or arising from a force majeure event; or
- (i) when the Unitholders or the Manager have resolved or given notice to terminate that Sub-Fund or to carry out a Scheme of Amalgamation involving that Sub-Fund; or
- (j) such other circumstance or situation exists as set out in the Appendix of that Sub-Fund.

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

- (a) where the suspension is in respect of the determination of the Net Asset Value, there shall be no determination of the Net Asset Value of the relevant Sub-Fund and the Net Asset Value per Unit of that Sub-Fund (or a Class thereof) (although an estimated Net Asset Value may be calculated and published) and any applicable issue or request for conversion or redemption of Units shall be similarly suspended. If a request for subscription, conversion or redemption of Units are received by the Manager during a period of suspension and not withdrawn, such request shall be treated as if it were received in time to be dealt with on the Subscription Day or the Redemption Day (as the case may be) next following the end of the said suspension and dealt with accordingly;
- (b) where the suspension is in respect of the allotment or issue, conversion and/or the redemption of Units, there shall be no allotment, issue, conversion and/or redemption of Units. For the avoidance of doubt, the allotment, issue, conversion or redemption of Units may be suspended without suspending the determination of the Net Asset Value.

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

Whenever the Manager declares such a suspension it shall immediately after any such declaration notify the SFC of such suspension and shall, immediately after any such declaration and at least once a month during the period of such suspension, cause a notice to be published in the website of the Manager at www.gaotengasset.com, cause such notice to be published in any other media and/or cause a notice to be given to Unitholders of the Class relating to the relevant Sub-Fund and to all those (whether Unitholders or not) whose applications to subscribe for or redeem Units shall have been affected by such suspension stating that such declaration has been made. This website has not been reviewed by the SFC.

DISTRIBUTION POLICY

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

Accumulation Classes

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

Distribution Classes

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

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

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

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

FEES AND EXPENSES

Management Fee

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

Performance Fee

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

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

Trustee Fee

The Trustee is entitled to receive a fee which is charged as a percentage of the Net Asset Value of the relevant Sub-Fund on each Valuation Day, at the rates specified in the Appendix and subject to a minimum monthly fee (if any) as specified in the relevant Appendix. The Trustee's fee is calculated and accrued as at the Valuation Point on each Valuation Day and payable monthly in arrears out of the assets of the relevant Sub-Fund. The fee payable to the Trustee is subject to a maximum rate of 2% per annum, and if applicable, a minimum fee as disclosed in the Appendix.

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

Custodian Fees

A custody fee of up to 1% per annum of the Net Asset Value of the relevant Sub-Fund plus transaction fees at customary rates depended on the market a Sub-Fund invests in and out of pocket expense incurred by the Custodian may be charged separately to the assets of the relevant Sub-Fund. Such custody fee is accrued and is payable monthly in arrears. The Custodian will be entitled to reimbursement by the Sub-Fund for out-of-pocket expenses incurred in the course of its duties.

Notice for Fee Increase

Unitholders shall be given not less than one month's prior notice should there be any increase of the management fee, performance fee or Trustee's fee from the current level to the maximum level. Any increase in the maximum level of the management fee, performance fee or Trustee's fee of a Sub-Fund (or any Class thereof) shall be subject to the SFC's prior approval and the sanction of extraordinary resolution of the Unitholders of such Sub-Fund (or such Class).

Establishment Costs

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

The establishment costs and payments incurred in the establishment of subsequent Sub-Funds are to be borne by the Sub-Fund to which such costs and payments relate and amortised over the amortisation period disclosed in the relevant Appendix.

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

General Expenses

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

Such costs include but are not limited to the costs of investing and realising the investments of the Sub-Funds, the fees and expenses of the custodian, registrar and the auditors, valuation costs, legal fees, the expenses incurred by the Manager and the Trustee in establishing the Fund and Sub-Funds and costs in connection with the initial issue of Units or a Class of Units, the costs incurred in connection with the preparation of supplemental deeds or any listing or regulatory approval, the costs of holding meetings of Unitholders and of giving notices to Unitholders, the costs incurred in terminating the Fund or any Sub-Fund, the fees and expenses of the Trustee which are agreed by the Manager in connection with time and resources incurred by the Trustee reviewing and producing documentation in connection with the operation of any Sub-Fund including the filing of annual returns and other statutory information required to be filed with any relevant regulatory authority and the costs incurred in the preparation and

printing of any explanatory memorandum, all costs incurred in publishing the Net Asset Value of a Sub-Fund, Net Asset Value per Unit, Issue Price and Redemption Price of Units, all costs of preparing, printing and distributing all statements, accounts and reports, the expenses of preparing and printing any offering document, and any other expenses, deemed by the Manager, after consulting the Auditors, to have been incurred in compliance with or connection with any change in or introduction of any law or regulation or directive (whether or not having the force of law) of any governmental or other regulatory authority or with any code relating to unit trusts.

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

Transactions with Connected Persons, Cash Rebates and Soft Dollars

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

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

Neither the Manager, nor any of its connected persons will retain cash or other rebates from brokers or dealers in consideration of directing transactions for a Sub-Fund to such brokers or dealers, save that goods and services (soft dollars) as described in the paragraph below may be retained. Any such cash commission or rebates received from any such brokers or dealers shall be for the account of the relevant Sub-Fund. Details of any such commissions and the Manager's soft dollar practices, including a description of the goods and services received by the Manager will be disclosed in the annual and semi-annual report and accounts of the Fund and/or the relevant Sub-Fund.

The Manager and/or any of its connected person reserves the right to effect transactions by or through the agency of another person with whom the Manager and/or any of its connected person has an arrangement under which that party will from time to time provide to or procure for the Manager and/or any of its connected person goods or services for which no direct payment is made but instead the

Manager and/or any of its connected person undertakes to place business with that party. The Manager shall procure that no such arrangements are entered into unless the goods and services to be provided pursuant thereto are of demonstrable benefit to the Unitholders (taken as a body and in their capacity as such) whether by assisting the Manager in its ability to manage the relevant Sub-Fund or otherwise and the transaction execution is consistent with best execution standards and brokerage rates are not in excess of customary institutional full-service brokerage rates. Such goods and services may include research and advisory services, economic and political analysis, portfolio analysis including valuation and performance measurement, market analysis, data and quotation services, computer hardware and software incidental to the above goods and services, clearing and custodian services and investment-related publications. For the avoidance of doubt, such goods and services do not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employee salaries or direct money payments.

TAXATION

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

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

Hong Kong Taxation

The Fund/ Sub-Fund(s)

(a) *Profits Tax:*

As the Fund and the Sub-Fund(s) have been authorised as a collective investment scheme by the SFC under Section 104 of the SFO, profits of the Fund and the Sub-Fund(s) are exempt from Hong Kong Profits Tax.

(b) *Stamp Duty:*

No Hong Kong Stamp Duty is payable by the Fund or Sub-Fund(s) on an issue or redemption of Units.

The sale and purchase of Hong Kong stock (if any) by the Fund and Sub-Fund(s) is generally subject to Hong Kong stamp duty at 0.1% on the higher of the consideration amount or market value, payable by each the buyer and the seller (i.e. 0.2% for a completed transaction). In addition, a fixed duty of HK\$5.00 is currently payable on any instrument of transfer of the units.

“Hong Kong stock” is defined as “stock” the transfer of which is required to be registered in Hong Kong.

The Unitholders

(a) *Profits Tax:*

Unitholders should not be subject to any Hong Kong profits tax on distributions by the Fund or Sub-Fund(s) in accordance with the prevailing practice of the Inland Revenue Department of Hong Kong (as at the date of this Explanatory Memorandum). Hong Kong profits tax (which is currently charged at the rate of 16.5% for corporations, and 15% for individuals or unincorporated business; (half tax rate applies on the first HK\$2 million assessable profits of those eligible taxpayers)) will arise on any gains or profits 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 source and the classification of a gain as revenue or capital will depend on the particular facts and circumstances of the Unitholders. Unitholders should take advice from their own professional advisers as to their particular tax position.

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

(b) *Stamp Duty:*

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

No Hong Kong stamp duty is payable where the sale or transfer of the Unit is effected by extinguishing the Unit or the sale or transfer is to the Manager who subsequently re-sells the Units within two months thereof.

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

Other Jurisdiction(s)

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

GENERAL INFORMATION

Reports and Accounts

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

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

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

Publication of Prices

The Issue Price and Redemption Price for each Class are also available on every Dealing Day on the Manager's website www.gaotengasset.com. Investors should note that the aforesaid website is not reviewed by the SFC and may contain information of funds not authorised by the SFC.

Termination of Fund or a Sub-Fund

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

Termination by the Trustee

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

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

- (b) in the opinion of the Trustee the Manager shall be incapable of performing or shall in fact fail to perform its duties satisfactorily or shall do any other thing which in the opinion of the Trustee is calculated to bring the Fund into disrepute or to be harmful to the interests of the Unitholders;
- (c) any law shall be passed which renders it illegal or in the opinion of the Trustee impracticable or inadvisable in consultation with the relevant regulatory agencies (the SFC in Hong Kong) to continue the Fund;
- (d) the Manager shall, have ceased to be the manager and, within a period of 30 days thereafter, no other qualified corporation shall have been appointed by the Trustee as successor manager; or
- (e) the Trustee shall have notified the Manager of its desire to retire as Trustee and the Manager shall fail to find a qualified corporation to act as a trustee in place of the Trustee within 60 days therefrom.

Termination by the Manager

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

- (a) on any date, in relation to the Fund, the aggregate Net Asset Value of all Units outstanding hereunder shall be less than HK\$50 million or its equivalent or, in relation to any Sub-Fund, the aggregate Net Asset Value of the Units outstanding hereunder in respect of such Sub-Fund shall be less than HK\$50 million or its equivalent or such other amount stated in the relevant Appendix or, in relation to any Class of Units, the aggregate Net Asset Value of the Units of such class outstanding hereunder in respect of such Class shall be less than HK\$50 million or its equivalent or such other amount stated in the relevant Appendix;
- (b) in the opinion of the Manager, it is impracticable or inadvisable to continue the Fund, a Sub-Fund and/or any Class of Units (as the case may be) (including without limitation, a situation where it is no longer economically viable to operate the Fund, the Sub-Fund or the relevant Class of Units);
- (c) if any law shall be passed which renders it illegal or in the opinion of the Manager impracticable or inadvisable in consultation with the relevant regulatory agencies (the SFC in Hong Kong) to continue the Fund and/or any Sub-Fund and / or any Class of Units of a Sub-Fund; or
- (d) the occurrence of any other event(s) or in such other circumstance(s) as set out in the relevant Appendix of the Sub-Fund.

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

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

as the extraordinary resolution may provide. At least twenty one days' notice shall be given to the Unitholders in respect of a meeting of Unitholders where such extraordinary resolution will be tabled.

Trust Deed

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

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

Voting Rights

Meetings of Unitholders may be convened by the Manager or the Trustee, and the Unitholders of 10% or more in value of the Units in issue may require a meeting to be convened. Unitholders will be given not less than 21 days' notice of any meeting at which an extraordinary resolution is to be proposed and not less than 14 days' notice of any meeting at which an ordinary resolution is to be proposed.

The quorum for all meetings is Unitholders present in person or by proxy representing 10% of the Units for the time being in issue except for the purpose of passing an extraordinary resolution. The quorum for passing an extraordinary resolution shall be Unitholders present in person or by proxy representing 25% or more of the Units in issue. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting should be adjourned for not less than 15 days. In the case of an adjourned meeting of which separate notice will be given, such Unitholders as are present in person or by proxy will form a quorum. On a poll every Unitholder present in person, by proxy or by representative has one vote for every Unit of which he is the holder. In the case of joint Unitholders the senior of those who tenders a vote (in person or by proxy) will be accepted and seniority is determined by the order in which the names appear on the register of Unitholders.

Transfer of Units

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

The duly stamped instrument of transfer, any necessary declarations, other documents that may be required by the Manager, the Trustee or the Registrar or in consequence of any legislation (including any anti-money laundering legislation) shall be left with the Registrar for registration. The transferor will be deemed to remain the holder of the Units transferred until the name of the transferee is entered in the register of Unitholders in respect of such Units.

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

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

Anti-Money Laundering Regulations

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

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

These exceptions will only apply if the financial institution or intermediary referred to above is within a country recognised as having sufficient anti-money laundering regulations. The Manager, the Trustee and the Transfer Agent nevertheless reserve the right to request such information as is necessary to verify the identity of an applicant and the source of payment.

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

Conflicts of Interest

The Manager, the Investment Adviser (if any), the Trustee and the Custodian (if any) may from time to time act as trustee, administrator, transfer agent, manager, custodian or investment adviser, representative or otherwise as may be required from time to time in relation to, or be otherwise involved

in or with, other funds and clients which have similar investment objectives to those of any Sub-Fund. It is, therefore, possible that any of them may, in the course of business, have potential conflicts of interest with the Fund and the Sub-Funds. Each will, at all times, have regard in such event to its obligations to the Fund and the Sub-Funds and will endeavour to ensure that such conflicts are resolved fairly and taking into account investors' interests. Compliance procedures and measures such as segregation of duties and responsibilities together with different reporting lines and "Chinese walls" have been put in place to minimize potential conflicts of interest. In any event, the Manager shall ensure that all investment opportunities will be fairly allocated.

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

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

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

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

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

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

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

If cash forming part of a Sub-Fund's assets is deposited with the Trustee, the Manager, the Investment Adviser or with any connected person of these companies (being an institution licensed to accept deposits), such institution shall allow interest thereon in accordance with normal banking practice for deposits of that term at a rate not lower than the prevailing commercial rate for deposits of a similar size and term, in the same currency and with institutions of a similar standing negotiated at arm's length.

Facsimile Instructions

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

Forfeiture of Unclaimed Proceeds or Distributions

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

Market Timing

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

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

Certification for Compliance with FATCA or Other Applicable Laws

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

Power to Disclose Information to Tax Authorities

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

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

Personal Data

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

Documents Available for Inspection

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

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

APPENDIX 1 – GAOTENG ASIAN INCOME FUND

This Appendix (which forms part of, and should be read together with the rest of, the Explanatory Memorandum) relates to the GaoTeng Asian Income Fund (“Sub-Fund”), a sub-fund of the Fund.

PRINCIPAL TERMS

DEFINITIONS

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

“Base Currency”	USD
“Class Currency”	the currency as indicated in the table “Investing in the Fund and Redemption of Units” below
“Redemption Day”	each Business Day or such other day or days as the Manager and the Trustee may from time to time determine, either generally or in respect of a particular Class or Classes of Units, for effecting any requests for redemption of Units in the Sub-Fund or the relevant Class or Classes in the Sub-Fund
“Redemption Deadline”	4:00p.m. (Hong Kong time) on the relevant Redemption Day by which a redemption request in respect of the Sub-Fund or a Class of Units must be received or such other time or on such other Business Day or day as the Manager and the Trustee may from time to time determine generally or in relation to any particular jurisdiction in which Units of the Sub-Fund or the relevant Class may from time to time be sold
“Sub-Fund”	GaoTeng Asian Income Fund
“Subscription Day”	each Business Day or such other day or days as the Manager and the Trustee may from time to time determine, either generally or in respect of a particular Class or Classes of Units, for effecting any requests for subscription of Units in the Sub-Fund or the relevant Class or Classes in the Sub-Fund
“Subscription Deadline”	4:00p.m. (Hong Kong time) on the relevant Subscription Day by which an application for subscription in respect of the Sub-Fund or a Class of Units must be received or such other time or on such other Business Day or day as the Manager and the Trustee may from time to time determine generally

or in relation to any particular jurisdiction in which Units of the Sub-Fund or the relevant Class may from time to time be sold

“Valuation Day”

each Business Day on which the Net Asset Value of the Sub-Fund and/or the Net Asset Value of a Unit or a Class of Unit of the Sub-Fund falls to be calculated and in relation to each Subscription Day or Redemption Day (as the case may be) of any Class or Classes of Units means either such Subscription Day or Redemption Day (as the case may be) or such other Business Day or day as the Manager and the Trustee may from time to time determine, either generally or in relation to a particular Class of Units

INVESTMENT CONSIDERATIONS

Investment Objective

The Sub-Fund aims to provide regular income and capital appreciation over the medium to long term by investing primarily in a portfolio of fixed income securities issued by corporations and government entities in the Asia Pacific region.

Investment Policies and Strategy

The Sub-Fund aims to achieve its investment objective by investing at least 70% of its Net Asset Value in a portfolio of debt securities issued by governments (including any supranational and sovereign entities and government agency) in the Asia Pacific region and companies which are incorporated in the Asia Pacific region or have significant operations in or derive a significant portion of revenue from the Asia Pacific region. The Sub-Fund may also invest in Renminbi (“RMB”) denominated debt securities issued outside mainland China or within mainland China (via Bond Connect). The total exposure to onshore mainland China bonds may be up to 30% of the Sub-Fund’s Net Asset Value; the total exposure to offshore RMB bonds (“Dim Sum” bonds) will be less than 30% of the Sub-Fund’s Net Asset Value; and the total exposure to RMB assets may be up to 50% of the Sub-Fund’s Net Asset Value. The Sub-Fund may invest not more than 30% of its Net Asset Value in urban investment bonds. “Urban investment bonds (城投債)” are bonds issued by local government financing vehicles (“LGFV”) in Mainland listed bond and interbank bond market. These LGFVs are separate legal entities established by local governments and/or their affiliates to raise financing for public welfare investment and infrastructure projects.

The Asia Pacific region includes emerging market countries as well as developed countries. Regions where the Sub-Fund may invest in include but are not limited to, Hong Kong, China, Korea, Taiwan, Australia, New Zealand, Malaysia, Singapore, Indonesia, Thailand, Philippines, India and Pakistan. The Sub-Fund also seeks relative value opportunities in other

emerging market or developed countries. Up to 30% of the Sub-Fund's Net Asset Value may be invested in non-Asia Pacific securities.

In selecting debt securities for the Sub-Fund, the Manager adopts bottom-up fundamental research and valuation analysis combined with top-down macro analysis and strict risk management. The Manager aims to invest in a broadly diversified portfolio, usually comprising about 80 to 100 holdings of debt securities, with no fixed duration, term structure, country or industry sector weightings in the allocation of assets. Asset allocation will be determined by the Manager's top-down macro views and availability of attractive investment opportunities. Likewise, selection of debt securities for investment by the Manager will be based on the creditworthiness of the issuers with a primary focus on the issuers' corporate profile, leverage, liquidity, management team and business profile as well as the issuance structure and underlying intrinsic values as compared to market prices and those with peers.

Such debt securities are across all ratings and thus, may be rated below investment grade or unrated (i.e. where the debt security itself and its issuer are not rated). Nonetheless, the Sub-Fund seeks to invest a minimum of 50% of its Net Asset Value in debt securities which have, or the issuers of which have, an investment grade rating of at least BBB- (rated by an internationally recognised credit agency such as Moody's or Standard & Poor's) or a rating of AAA rated by a Mainland Chinese domestic credit rating agency.

The Sub-Fund will not invest more than 10% of its Net Asset Value in securities issued by and/or guaranteed by any single sovereign that is rated non-investment grade and/or unrated (including its government, public or local authority).

The Sub-Fund may use derivatives for hedging purposes only.

Asset Allocation:

The debt securities in which the Sub-Fund may invest will be primarily capital securities and preference shares with fixed income features, convertible (including contingent convertible) bonds, exchangeable and non-exchangeable and non-convertible debt securities, fixed and floating rate bonds, zero coupon and discount bonds, guaranteed bonds and bonds backed by a standby letter of credit ("SBLC"), transferable notes, commercial paper, certificates of deposits of variable or fixed interest rates that are listed, traded or dealt in regulated markets or exchanges, short term bills and notes. Not more than 25% of the Sub-Fund's Net Asset Value

may be invested in convertible bonds within which investment in contingent convertible bonds will be up to 15% of the Sub-Fund's Net Asset Value.

Exposure to investments may be obtained indirectly through investing in other collective investment schemes (i.e. managed funds) for up to 25% of the Sub-Fund's Net Asset Value.

If the Manager considers fit, the Sub-Fund may seek exposure to other asset classes that may generate additional income for the Sub-Fund, including but not limited to equities and real estate investment trusts (REITs). These instruments will not in aggregate exceed 15% of the Sub-Fund's Net Asset Value.

Under exceptional circumstances (e.g. market crash or crisis), the Sub-Fund may be invested temporarily up to 100% in cash assets to manage cash flow and mitigate downside risks.

**Investment and
Borrowing Restrictions**

The Sub-Fund is subject to the investment and borrowing restrictions as set out in the Explanatory Memorandum under the heading “***Investment Restrictions***” and “***Borrowing Restrictions***”.

**Securities Lending and
Repurchase / Reverse
Repurchase Agreements**

The Manager may enter into repurchase transactions on behalf of the Sub-Fund, when aggregated with the Sub-Fund's borrowing, for up to 20% of its Net Asset Value. This Sub-Fund will not engage in securities lending or reverse repurchase transactions.

The Manager's policy in managing these transaction is disclosed in the section “***Securities Lending and Repurchase / Reverse Repurchase Transactions***”. Investors should also refer to the relevant risks in that section.

SPECIFIC RISK FACTORS

Investors should review and consider all risk factors mentioned in the “***Risk Factors***” section in the Explanatory Memorandum and pay attention to the following risk factors *in particular*:

- *Risks relating to debt securities*
- *Risks of investing in other funds*
- *Emerging markets risks*
- *China market risk / Renminbi currency risk*
- *Sovereign risks*

- *Concentration risk*
- *Counterparty risk*
- *Currency and foreign exchange risk*
- *Hedging risk*
- *Risks relating to hedging and currency hedged classes*
- *Distributions risk*
- *Risks relating to repurchase transactions* (in the section “*Securities Lending and Repurchase / Reverse Repurchase Transactions*”)

The following additional risk factors apply to the Sub-Fund:

Convertible bonds risk The Sub-Fund may invest in convertible bonds. Convertibles are a hybrid between debt and equity, permitting holders to convert into shares or stocks in the company issuing the bond at a specified future date. Prior to conversion, convertible bonds have the same general characteristics as non-convertible debt securities and subject to the same interest rate risk, credit risk, liquidity risk and prepayment risk associated with comparable straight bond investments. However, while convertible bonds generally offer lower interest or dividend yields than non-convertible debt securities of similar quality, the price of a convertible bond will normally vary with changes in the price of the underlying stock. Therefore, investors should be prepared for greater volatility than straight bond investments, with an increased risk of capital loss.

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

Investors should also note the interest rate risk associated with investments in debt instruments. Please refer to the risk factor headed “*Interest rates risk*” under the section headed “*Risk Factors*” in the main part of the Explanatory Memorandum for details.

Contingent convertible bonds risk Contingent convertible bonds are hybrid capital securities that absorb losses when the capital of the issuer falls below a certain level. Upon the occurrence of a predetermined event (known as a trigger event), contingent convertible bonds will be converted into shares of the issuing company (potentially at a discounted price as a result of the deterioration in the financial condition of the issuing company), or cause the permanent write-down to zero of the principal investment and/or accrued interest such that the principal amount invested may be lost on a permanent or temporary

basis. Contingent convertible bonds are risky and highly complex instruments. Coupon payments on contingent convertible bonds are discretionary and may at times also be ceased or deferred by the issuer. Trigger events can vary but these could include the capital ratio of the issuing company falling below a certain level, or the share price of the issuer falling to a particular level for a certain period of time. Contingent convertible bonds are also subject to additional risks specific to their structure including:

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

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

Capital structure inversion risk: Contrary to the classic capital hierarchy, the Sub-Fund investing in contingent convertible bonds may suffer a loss of capital while equity holders do not, for example, when the loss absorption mechanism of a high trigger/write-down of a contingent convertible bond is activated. This is contrary to the normal order of the capital structure where equity holders are expected to suffer the first loss.

Call extension risk: Some contingent convertible bonds are issued as perpetual instruments and only callable at predetermined levels upon

approval of the competent regulatory authority. It cannot be assumed that these perpetual contingent convertible bonds will be called on a call date. Contingent convertible bonds are a form of permanent capital. The Sub-Fund investing in contingent convertible bonds may not receive return of principal as expected on call date or indeed at any date.

Conversion risk: Trigger levels differ between specific contingent convertible bonds and determine exposure to conversion risk. It might be difficult at times for the Manager to assess how the contingent convertible bonds will behave upon conversion. In case of conversion into equity, the Manager might be forced to sell these new equity shares subject to the investment strategy of the Sub-Fund. Given the trigger event is likely to be an event depressing the value of the issuer's common equity, this forced sale may result in the Sub-Fund experiencing some losses.

Valuation and write-down risk: Contingent convertible bonds often offer attractive yield which may be viewed as a complexity premium. The value of contingent convertible bonds may need to be reduced due to a higher risk of overvaluation of such asset class on the relevant eligible markets. Therefore, the Sub-Fund may lose the entire investment value or may be required to accept cash or securities with a value less than the original investment.

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

Liquidity risk: In certain circumstances finding a buyer ready to invest in contingent convertible bonds may be difficult and the Sub-Fund may have to accept a significant discount to sell it.

Sector concentration risk: Contingent convertible bonds are issued by banking and insurance institutions. Investment in contingent convertible bonds may lead to an increased sector concentration risk. The performance of the Sub-Fund with investment in contingent convertible bonds may therefore be affected to a larger extent by the overall condition of the financial services industry than for the funds following a more diversified strategy.

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

Novelty and untested nature: The structure of contingent convertible bonds is innovative yet untested. In a stressed environment, when the underlying features of these instruments will be put to the test, it is uncertain how they will perform.

Urban investment bonds risk

Urban investment bonds are issued by local government financing vehicles (“LGFVs”), such bonds are typically not guaranteed by local governments or the central government of the Mainland. 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.

“Dim Sum” bond (i.e. bonds issued outside of Mainland China but denominated in RMB) market risks

The “Dim Sum” bond market is still a relatively small market which is more susceptible to volatility and illiquidity. The operation of the “Dim Sum” bond market as well as new issuances could be disrupted causing a fall in the NAV 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).

Risks associated with China Interbank Bond Market (CIBM) / Bond Connect

Market volatility and potential lack of liquidity due to low trading volume of certain debt securities in the CIBM may result in prices of certain debt securities traded on such market fluctuating significantly. The Sub-Fund investing in such market 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.

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

For investments via Bond Connect, the relevant account opening procedures have to be carried out via an offshore custody agent. As such, the Sub-Fund is subject to the risks of default or errors in the account opening process.

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

Trading through Bond Connect is performed through newly developed trading platforms and operational systems. There is no assurance that such systems will function properly or will continue to be adapted to changes and developments in the market. In the event that the relevant systems fails to function properly, trading through Bond Connect may be disrupted. The Sub-Fund's ability to trade through Bond Connect (and hence to pursue its investment strategy) may therefore be adversely affected. In addition, where the Sub-Fund invests in the CIBM through Bond Connect, it may be subject to risks of delays inherent in the order placing and/or settlement systems.

***Real Estate Investment
Trusts (REITs)***

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

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

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

PRC tax considerations

The Sub-Fund may invest in PRC onshore and offshore debt securities as part of its investment policy.

If the Sub-Fund is considered as a PRC tax resident, it will be subject to PRC Corporate Income Tax (“**CIT**”) at 25% on its worldwide income; if the Sub-Fund is considered as non-tax resident enterprise in the PRC but has an establishment or place (“**PE**”) in the PRC, the profits attributable to that PE would be subject to PRC CIT at 25%. If the Sub-Fund is a non-tax resident in the PRC and has no PE in the PRC, by investing in PRC securities, it may be subject to Withholding Income Tax (“**WIT**”) and other taxes in the PRC in respect of its PRC sourced income, including but not limited to passive income (e.g. interest) and gains arising from transfer of PRC securities etc., unless it is exempt or reduced under the PRC tax laws and regulations or the relevant tax treaties.

It is the intention of the Manager to operate the Sub-Fund in such a manner that the Sub-Fund should not be treated as a tax resident enterprise or has no PE in the PRC for PRC CIT purposes, although this cannot be guaranteed.

Corporate Income Tax (“CIT”)

Under the PRC CIT Law and its related implementation rules, interest income derived from PRC debt instruments by entities that are treated as non-residents in the PRC which have no PE in the PRC are subject to WIT at the rate of 10%. As such, in respect of the interest income derived by the Sub-Fund from its investments in PRC debt securities, the Sub-Fund will be subject to 10% WIT unless a specific exemption is applicable. Interest income earned on PRC government bonds issued by the Ministry of Finance (“**MOF**”), or bonds issued by local government of a province, autonomous regions, and municipalities directly under the Central Government or municipalities separately listed on the state plan, as approved by the State Council (“PRC Government Bond”) is exempt from WIT.

On 22 November 2018, the MOF and SAT released Caishui [2018] No. 108 (“Notice 108”) on tax treatment for Overseas Institutional Investors (“OIIIs”) investing in China bond market dated 7 November 2018.

Notice 108 mentioned that the interest income of the bonds derived by OIIIs in the China bond market is exempted from WIT for three years effective

from 7 November 2018 to 6 November 2021.

Under the prevailing **CIT** Law, there is no specific provision on whether capital gains derived by a non-resident investor (including the Sub-Fund) from disposal of PRC debt instruments (e.g. bonds issued by PRC companies) would be considered as PRC sourced income and subject to PRC **WIT** at 10%. Based on the current interpretation of the SAT and the local tax authorities, gains derived by foreign investors (including the Sub-Fund) from investment in PRC debt securities should not be treated as PRC sourced income thus should not be subject to PRC **WIT**. Under the current practice, no **WIT** is imposed on capital gains derived by non-residents from disposal of PRC debt instruments. If the relevant interpretation/practice changes in the future, the Fund/Sub-Fund(s) may still turn to certain treaty relief applicable to Hong Kong tax residents.

For interest income derived from offshore PRC debt securities, the non-resident investor should be subject to a 10% PRC **WIT** if the bond issuer is a PRC tax resident. However, under current practice the **WIT** is not strictly imposed on such interest income obtained by non-residents.

Value-added Tax (“VAT”)

The prevailing **VAT** regulations do not specifically exempt VAT on interest income received by investors investing in CIBM via Bond Connect (“**CIBM investor**”) from investments in PRC debt securities. Interest income received in relation to PRC debt securities shall be subject to 6% VAT unless a special exemption applies. According to Caishui 2016 No. 36 (the “**Notice 36**”), deposit interest income is not subject to VAT and interest income earned on PRC Government Bonds is exempted from VAT.

Notice 108 mentioned that the interest income of the bonds derived by OIIs in the China bond market is exempted from VAT for three years effective from 7 November 2018 to 6 November 2021.

Notice 36 provides that VAT at the rate of 6% applies generally on the difference between the selling and purchase prices derived from the trading in financial products, unless special exemption applies. Pursuant to the “Supplementary Notice on the VAT Policy on Interbank Transactions and Other Financial Institutions” (Caishui 2016 No. 70) jointly issued by MOF and SAT on 30 June 2016 and which took effect retrospectively on 1 May 2016 (“**Notice 70**”), the gains derived from investment in China interbank local currency markets (including money

market, bond market and derivatives market) by foreign investors, which are qualified by People's Bank of China ("PBOC"), are exempt from VAT since 1 May 2016.

Under prevailing VAT regulations, where capital gains are derived from transfer of offshore PRC debt securities, VAT in general is not imposed as the purchase and disposal are often concluded and completed outside China.

As the prevailing VAT regulations do not specifically exempt VAT on interest income received by non-resident enterprises from investments in PRC offshore debt securities, it should be subject to VAT at 6%. However, under current practice, VAT is not strictly imposed on such income obtained by non-residents.

In addition, urban maintenance and construction tax (currently at the rate ranging from 1% to 7%), education surcharge (currently at the rate of 3%) and local education surcharge (currently at 2%) are imposed based on the VAT liabilities.

The Manager, having taken and considered the independent professional tax advice and in accordance with such advice, has determined that

- (1) No PRC WIT provision will be made on the gross realized and unrealized capital gains from the disposal of PRC debt securities.
- (2) No PRC WIT provision will be made on the interest income derived from onshore PRC debt securities during the tax exemption period from 7 November 2018 to 6 November 2021 as provided by Notice 108. Upon expiry of such period, a PRC WIT provision of 10% will be made on the interest income derived from onshore PRC debt securities (except PRC Government Bonds).
- (3) No VAT provision will be made on the interest income derived from onshore PRC debt securities during the tax exemption period from 7 November 2018 to 6 November 2021 as provided by Notice 108. Upon expiry of such period, a 6% VAT provision will be made on the interest income derived from onshore PRC debt securities (except PRC Government Bonds), and local surcharges at 12% of the VAT amount will also be made.

Any PRC WIT provision made by the Manager in respect of the Sub-Fund may be lower than or higher than the Sub-Fund's actual tax liabilities. It should also be noted that there is a possibility of the PRC tax rules being changed and taxes being applied retrospectively. The Manager, acting in the best interest of Unitholders, will assess the WIT provisioning approach on an on-going basis.

If the actual tax levied by SAT is higher than that provided for by the Manager so that there is a shortfall in the tax provision amount, investors should note that the Net Asset Value of the Sub-Fund may be lowered, as the Sub-Fund will ultimately have to bear the full amount of tax liabilities. 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, the actual tax liabilities may be lower than the tax provision made, in which case those persons who have already redeemed their Units before the actual tax liabilities are determined will not be entitled or have any right to claim any part of such overprovision. Upon the availability of a definitive tax assessment or the issue of announcements or regulations by the competent authorities promulgating definitive tax assessment rules, the Manager, will as soon as practicable, make relevant adjustments to the amount of tax provision as it considers necessary.

Unitholders may be disadvantaged depending upon the final tax liabilities, the level of provision and when they subscribed and/or redeemed their Units. Unitholders should seek their own tax advice on their tax position with regard to their investment in the Sub-Fund.

INVESTING IN THE FUND AND REDEMPTION OF UNITS

	Class A (USD) – ACC	Class A (HKD) hedge d)- ACC	Class A (CNH) hedge d)- ACC	Class A (SGD) hedge d)- ACC	Class B (USD)- ACC Class B (USD)- DIS	Class B (HKD)- hedge d)- ACC Class B (HKD)- hedge d)- DIS	Class B (CNH)- hedge d)- ACC Class B (CNH)- hedge d)- DIS	Class B (SGD)- hedge d)- ACC Class B (SGD)- hedge d)- DIS	Class I (USD) – ACC Class I (USD) - DIS	Class I (HKD) hedge d)- ACC Class I (HKD) hedge d)- DIS	Class I (CNH) hedge d)- ACC Class I (CNH) hedge d)- DIS	Class I (SGD) hedge d)- ACC Class I (SGD) hedge d)- DIS	Class P (USD) – ACC Class P (USD) – DIS	Class P (HKD) hedge d)- ACC Class P (HKD) hedge d)- DIS	Class P (CNH) hedge d)- ACC Class P (CNH) hedge d)- DIS	Class P (SGD) hedge d)- ACC Class P (SGD) hedge d)- DIS
Class Currency	USD	HKD	CNH	SGD	USD	HKD	CNH	SGD	USD	HKD	CNH	SGD	USD	HKD	CNH	SGD
The following amounts are stated in the respective Class Currency of each Class.																
Minimum Initial Subscription Amount	100	1,000	1,000	100	1,000,000	10,000,000	10,000,000	1,000,000	100,000	1,000,000	1,000,000	100,000	100	1,000	1,000	100
Minimum Subsequent Subscription Amount	100	1,000	1,000	100	100,000	1,000,000	1,000,000	100,000	10,000	100,000	100,000	10,000	100	1,000	1,000	100
Minimum Redemption Amount	100	1,000	1,000	100	10,000	100,000	100,000	10,000	10,000	100,000	100,000	10,000	100	1,000	1,000	100
Minimum Holding Amount	100	1,000	1,000	100	10,000	100,000	100,000	10,000	10,000	100,000	100,000	10,000	100	1,000	1,000	100

* Class A is available to retail investors generally; Class P is available for investment by retail investors who invest through distributors submitting dealing orders via electronic distribution channels; Class B is available for investment by managed accounts and other funds managed by the Manager; Class I is available to institutional and professional investors.

CONVERSION

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

CURRENCY HEDGING OF CLASSES

Units with a denomination “(hedged)” are currency hedged classes of Units.

Currency hedged classes of Units seek to minimise the effect of the fluctuation in exchange rates between the Class Currency and the Base Currency of the Sub-Fund. They aim to provide a return consistent with the return on a Class denominated in a currency which is the same as the Sub-Fund's Base Currency.

Please refer to the risk factor “*Risks relating to hedging and currency hedged classes*” in the “*Risk Factors*” section in the Explanatory Memorandum for the associate risks.

DISTRIBUTION POLICY

It is currently intended that distributions will be made once per month for the Distribution Classes of Units (with suffix DIS), subject to the Manager’s discretion. However, there is no guarantee of regular distribution nor, where distribution is made, the amount being distributed.

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

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

The composition of the distributions (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months are available by the Manager on request and also on the Manager’s website www.gaotengasset.com. Investors should note that the aforesaid website has not been reviewed by the SFC and may contain information of funds not authorised by the SFC.

The Manager may amend the dividend policy subject to obtaining the SFC’s prior approval (if required) and by giving notice to Unitholders.

For the Accumulation Classes of Units (with suffix ACC), no distribution will be made to Unitholders.

FEES AND EXPENSES

Fees payable by investors:

Class	Class A	Class B	Class I	Class P
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	Current Level	Current Level	Current Level	Current Level
Subscription Charge (% of subscription amount)	Up to 3%	Nil	Up to 1%	Up to 1%
Redemption Charge (% of redemption amount)	Nil	Nil	Nil	Nil
The Redemption Charge will be retained by the Sub-Fund.				
Switching Fee (% of the total amount being converted)	Nil	Nil	Nil	Nil

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

Class	Class A Current Level	Class B Current Level	Class I Current Level	Class P Current Level
Management Fee (% Net Asset Value of the relevant Class per annum)	1% p.a.	Nil	0.3% p.a.	0.5% p.a.
Performance Fee	Nil	Nil	Nil	Nil
Trustee Fee (% Net Asset Value of the Sub-Fund per annum)	Up to 0.1% p.a.	Up to 0.1% p.a.	Up to 0.1% p.a.	Up to 0.1% p.a.
Custodian Fee (% Net Asset Value of the Sub-Fund per annum)	Up to 0.025%	Up to 0.025% p.a.	Up to 0.025% p.a.	Up to 0.025% p.a.
Administration Fee	Included in the Trustee Fee			

Trustee Fee and Custodian Fee together subject to a minimum monthly fee of USD2,500.

Establishment Costs The establishment costs of the Fund and the Sub-Fund are approximately HK\$800,000 and will be borne by the Sub-Fund. The establishment costs will be amortised over the first 5 Accounting Period from the launch of the Sub-

Fund (or such other period determined by the Manager after consultation with the Auditors).

General Expenses

Please refer to the section headed “*General Expenses*” for further details.

APPENDIX 2 – GAOTENG WEINVEST MONEY MARKET FUND

This Appendix (which forms part of, and should be read together with the rest of, the Explanatory Memorandum) relates to the GaoTeng WeInvest Money Market Fund (“Sub-Fund”), a sub-fund of the Fund.

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

PRINCIPAL TERMS

DEFINITIONS

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

“Base Currency”	HKD
“Class Currency”	the currency as indicated in the table “Investing in the Fund and Redemption of Units” below
“Initial Offer Period”	the period commencing 9:00 a.m. (Hong Kong time) on 28 th February 2019 to 5:00 p.m. (Hong Kong time) on 6 th March 2019 (or such other dates as the Manager may determine)
“Redemption Day”	each Business Day or such other day or days as the Manager and the Trustee may from time to time determine, either generally or in respect of a particular Class or Classes of Units, for effecting any requests for redemption of Units in the Sub-Fund or the relevant Class or Classes in the Sub-Fund
“Redemption Deadline”	3:00p.m. (Hong Kong time) on the relevant Redemption Day by which a redemption request in respect of the Sub-Fund or a Class of Units must be received or such other time or on such other Business Day or day as the Manager and the Trustee may from time to time determine generally or in relation to any particular jurisdiction in which Units of the Sub-Fund or the relevant Class may from time to time be sold
“Sub-Fund”	GaoTeng WeInvest Money Market Fund

“Subscription Day”	each Business Day or such other day or days as the Manager and the Trustee may from time to time determine, either generally or in respect of a particular Class or Classes of Units, for effecting any requests for subscription of Units in the Sub-Fund or the relevant Class or Classes in the Sub-Fund
“Subscription Deadline”	3:00p.m. (Hong Kong time) on the relevant Subscription Day by which an application for subscription in respect of the Sub-Fund or a Class of Units must be received or such other time or on such other Business Day or day as the Manager and the Trustee may from time to time determine generally or in relation to any particular jurisdiction in which Units of the Sub-Fund or the relevant Class may from time to time be sold
“Valuation Day”	each Business Day on which the Net Asset Value of the Sub-Fund and/or the Net Asset Value of a Unit or a Class of Unit of the Sub-Fund falls to be calculated and in relation to each Subscription Day or Redemption Day (as the case may be) of any Class or Classes of Units means either such Subscription Day or Redemption Day (as the case may be) or such other Business Day or day as the Manager and the Trustee may from time to time determine, either generally or in relation to a particular Class of Units

INVESTMENT CONSIDERATIONS

Investment Objective	The principal investment objective of the Sub-Fund is to provide a high level of income while seeking preservation of capital by investing primarily in a portfolio of money market and debt instruments denominated in HKD, USD or RMB.
Investment Policies and Strategy	<p>The Sub-Fund aims to achieve its investment objective by investing at least 85% of its Net Asset Value in a range of deposits, commercial papers of leading companies and other money market instruments. The Sub-Fund may invest up to 15% of its Net Asset Value in debt securities.</p> <p>The Sub-Fund will maintain an average portfolio maturity not exceeding 90 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.</p> <p>There is no specific geographical allocation of the country of issue of the debt securities or deposits, except that the Sub-Fund does not invest in</p>

emerging markets other than China. Chinese issuers are defined as those that are incorporated in China or that have significant operations in or derive a significant portion of revenue from China. The Sub-Fund may invest in Renminbi (“RMB”) denominated money market instruments or debt securities issued outside mainland China or within mainland China (via Bond Connect). The total exposure to onshore mainland China money market instruments and debt securities may be up to 20% of the Sub-Fund’s Net Asset Value. The total exposure to offshore RMB money market instruments and debt securities (“Dim Sum” bonds) will be less than 10% of the Sub-Fund’s Net Asset Value; and the total exposure to RMB assets may be up to 30% of the Sub-Fund’s Net Asset Value.

The Sub-Fund will not invest in convertible bonds. It will not invest in instruments with loss-absorbing features (i.e. where an instrument has terms and conditions specifying that the instrument is subject to being written off, written down, or converted to ordinary shares on the occurrence of a trigger event) including contingent convertible bonds. Investment in urban investment bonds will be limited to 5% of the Net Asset Value. “Urban investment bonds (城投債)” are bonds issued by local government financing vehicles (“LGFV”) in Mainland listed bond and interbank bond market. These LGFVs are separate legal entities established by local governments and/or their affiliates to raise financing for public welfare investment and infrastructure projects.

The Sub-Fund will only invest in instruments (including urban investment bonds) rated investment grade, i.e. at least BBB- or above (rated by an internationally recognised credit agency such as Moody's or Standard & Poor's) or a rating of AAA (rated by a Mainland Chinese domestic credit rating agency).

The Sub-Fund will not invest more than 10% of its latest available Net Asset Value in securities issued by or guaranteed by any single sovereign issuer (including its government, a public or local authority of that country) that has a credit rating below investment grade or is unrated.

The Sub-Fund may use derivatives for hedging purposes only. Any non-HKD denominated investments will be hedged into HKD to mitigate foreign exchange risks.

Investment and Borrowing Restrictions

The Sub-Fund is subject to the investment and borrowing restrictions as set out in the Explanatory Memorandum under the heading “*Investment Restrictions*” and “*Borrowing Restrictions*”.

In addition, the Sub-Fund is a “money market / cash management fund” which is subject to additional investment and borrowing restrictions under Chapter 8.2 of the Code, as follows:

(a) subject to the provisions below, the Sub-Fund may only invest in deposits and debt securities;

(b) the Sub-Fund must maintain an average portfolio maturity not exceeding 90 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 (as defined under the heading “***Investment Restrictions***”);

(c) the aggregate value of the Sub-Fund’s holding of instruments and deposits issued by a single issuer may not exceed 10% of the total Net Asset Value of the Sub-Fund except:

(1) where the issuer is a substantial financial institution and the total amount does not exceed 10% of the issuer's issued capital and published reserves, the limit may be increased to 25%; or

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

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

(d) 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.

**Securities Lending and
Repurchase / Reverse
Repurchase Agreements**

The Manager may enter into repurchase transactions on behalf of the Sub-Fund, when aggregated with the Sub-Fund’s borrowing, for up to 10% of its Net Asset Value. This Sub-Fund will not engage in securities lending or reverse repurchase transactions.

The Manager’s policy in managing these transaction is disclosed in the section “***Securities Lending and Repurchase / Reverse Repurchase Transactions***”. Investors should also refer to the relevant risks in that section.

FURTHER RESTRICTIONS ON REDEMPTION

Without prejudice to the measures disclosed under “**Restrictions on Redemption**” in the section “**Redemption of Units**” in the Explanatory Memorandum, under extreme market conditions and/or subject to the Manager’s discretion and arrangements with Authorised Distributors, the Manager may further limit any redemption of Units of the Sub-Fund to the value of HK\$10,000 (or equivalent in the Class Currency) for a single individual investor on a Redemption Day. Any Units not redeemed (but which would otherwise have been redeemed) will be carried forward for redemption on the next succeeding Redemption Day based on the prevailing Redemption Price on such day, subject to the same limitation until the original request has been satisfied in full.

SPECIFIC RISK FACTORS

Investors should review and consider all risk factors mentioned in the “*Risk Factors*” section in the Explanatory Memorandum and pay attention to the following risk factors *in particular*:

- *Risks relating to debt securities*
- *China market risk / Renminbi currency risk*
- *Sovereign risks*
- *Counterparty risk*
- *Currency and foreign exchange risk*
- *Hedging risk*
- *Risks relating to repurchase transactions* (in the section “*Securities Lending and Repurchase / Reverse Repurchase Transactions*”)

The following additional risk factors apply to the Sub-Fund:

<i>Short-term debt instruments risk</i>	As the Sub-Fund invests significantly in short-term debt instruments with short maturities, it means the turnover rates of the Sub-Fund’s investments may be relatively high and the transaction costs incurred as a result of the purchase or sale of short-term debt instruments may also increase which in turn may have a negative impact on the Net Asset Value of the Sub-Fund.
<i>Risks associated with bank deposits</i>	Bank deposits are subject to the credit risks of the relevant financial institutions. The Sub-Fund’s deposit may not be protected by any deposit protection schemes, or the value of the protection under the deposit protection schemes may not cover the full amount deposited by the Sub-Fund. Therefore, if the relevant financial institution defaults, the Sub-Fund may suffer losses as a result.
<i>Risks associated with the</i>	Redemption of Units may be subject to a restriction of (i) HK\$10,000 (or

<i>Sub-Fund's restrictions on redemption</i>	<p>equivalent in the Class Currency) for a single individual investor on a Redemption Day under extreme market conditions and/or (ii) 10% of the total number of Units of the Sub-Fund in issue on a Redemption Day. Therefore, investors may not be able to redeem all holdings in the Sub-Fund on a single Redemption Day. Where this redemption restriction is imposed continuously, the period for an investor to fully redeem his holdings may be prolonged, and the investor will be subject to liquidity risks.</p>
<i>Urban investment bonds risk</i>	<p>Urban investment bonds are issued by local government financing vehicles (“LGFVs”), such bonds are typically not guaranteed by local governments or the central government of the Mainland. 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.</p>
<i>“Dim Sum” bond (i.e. bonds issued outside of Mainland China but denominated in RMB) market risks</i>	<p>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 NAV 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).</p>
<i>Risks associated with China Interbank Bond Market (CIBM) / Bond Connect</i>	<p>Market volatility and potential lack of liquidity due to low trading volume of certain debt securities in the CIBM may result in prices of certain debt securities traded on such market fluctuating significantly. The Sub-Fund investing in such market 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.</p> <p>To the extent that the Sub-Fund transacts in the CIBM, the Sub-Fund may also be 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.</p> <p>For investments via Bond Connect, the relevant account opening procedures have to be carried out via an offshore custody agent. As such, the Sub-Fund is subject to the risks of default or errors in the account opening process.</p>

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

Trading through Bond Connect is performed through newly developed trading platforms and operational systems. There is no assurance that such systems will function properly or will continue to be adapted to changes and developments in the market. In the event that the relevant systems fails to function properly, trading through Bond Connect may be disrupted. The Sub-Fund's ability to trade through Bond Connect (and hence to pursue its investment strategy) may therefore be adversely affected. In addition, where the Sub-Fund invests in the CIBM through Bond Connect, it may be subject to risks of delays inherent in the order placing and/or settlement systems.

PRC tax considerations

The Sub-Fund may invest in PRC onshore and offshore debt securities as part of its investment policy.

If the Sub-Fund is considered as a PRC tax resident, it will be subject to PRC Corporate Income Tax (“**CIT**”) at 25% on its worldwide income; if the Sub-Fund is considered as non-tax resident enterprise in the PRC but has an establishment or place (“**PE**”) in the PRC, the profits attributable to that PE would be subject to PRC CIT at 25%. If the Sub-Fund is a non-tax resident in the PRC and has no PE in the PRC, by investing in PRC securities, it may be subject to Withholding Income Tax (“**WIT**”) and other taxes in the PRC in respect of its PRC sourced income, including but not limited to passive income (e.g. interest) and gains arising from transfer of PRC securities etc., unless it is exempt or reduced under the PRC tax laws and regulations or the relevant tax treaties.

It is the intention of the Manager to operate the Sub-Fund in such a manner that the Sub-Fund should not be treated as a tax resident enterprise or has no PE in the PRC for PRC CIT purposes, although this cannot be guaranteed.

Corporate Income Tax (“CIT”)

Under the PRC CIT Law and its related implementation rules, interest

income derived from PRC debt instruments by entities that are treated as non-residents in the PRC which have no PE in the PRC are subject to WIT at the rate of 10%. As such, in respect of the interest income derived by the Sub-Fund from its investments in PRC debt securities, the Sub-Fund will be subject to 10% WIT unless a specific exemption is applicable. Interest income earned on PRC government bonds issued by the Ministry of Finance (“**MOF**”), or bonds issued by local government of a province, autonomous regions, and municipalities directly under the Central Government or municipalities separately listed on the state plan, as approved by the State Council (“PRC Government Bond”) is exempt from WIT.

On 22 November 2018, the MOF and SAT released Caishui [2018] No. 108 (“Notice 108”) on tax treatment for Overseas Institutional Investors (“OIIIs”) investing in China bond market dated 7 November 2018.

Notice 108 mentioned that the interest income of the bonds derived by OIIIs in the China bond market is exempted from WIT for three years effective from 7 November 2018 to 6 November 2021.

Under the prevailing **CIT** Law, there is no specific provision on whether capital gains derived by a non-resident investor (including the Sub-Fund) from disposal of PRC debt instruments (e.g. bonds issued by PRC companies) would be considered as PRC sourced income and subject to PRC **WIT** at 10%. Based on the current interpretation of the SAT and the local tax authorities, gains derived by foreign investors (including the Sub-Fund) from investment in PRC debt securities should not be treated as PRC sourced income thus should not be subject to PRC WIT. Under the current practice, no WIT is imposed on capital gains derived by non-residents from disposal of PRC debt instruments. If the relevant interpretation/practice changes in the future, the Fund/Sub-Fund(s) may still turn to certain treaty relief applicable to Hong Kong tax residents.

For interest income derived from offshore PRC debt securities, the non-resident investor should be subject to a 10% PRC WIT if the bond issuer is a PRC tax resident. However, under current practice the WIT is not strictly imposed on such interest income obtained by non-residents.

Value-added Tax (“VAT”)

The prevailing **VAT** regulations do not specifically exempt VAT on interest income received by investors investing in CIBM via Bond Connect

(“**CIBM investor**”) from investments in PRC debt securities. Interest income received in relation to PRC debt securities shall be subject to 6% VAT unless a special exemption applies. According to Caishui 2016 No. 36 (the “**Notice 36**”), deposit interest income is not subject to VAT and interest income earned on PRC Government Bonds is exempted from VAT.

Notice 108 mentioned that the interest income of the bonds derived by OIIs in the China bond market is exempted from VAT for three years effective from 7 November 2018 to 6 November 2021.

Notice 36 provides that VAT at the rate of 6% applies generally on the difference between the selling and purchase prices derived from the trading in financial products, unless special exemption applies. Pursuant to the “Supplementary Notice on the VAT Policy on Interbank Transactions and Other Financial Institutions” (Caishui 2016 No. 70) jointly issued by MOF and SAT on 30 June 2016 and which took effect retrospectively on 1 May 2016 (“Notice 70”), the gains derived from investment in China interbank local currency markets (including money market, bond market and derivatives market) by foreign investors, which are qualified by People’s Bank of China (“PBOC”), are exempt from VAT since 1 May 2016.

Under prevailing VAT regulations, where capital gains are derived from transfer of offshore PRC debt securities, VAT in general is not imposed as the purchase and disposal are often concluded and completed outside China.

As the prevailing VAT regulations do not specifically exempt VAT on interest income received by non-resident enterprises from investments in PRC offshore debt securities, it should be subject to VAT at 6%. However, under current practice, VAT is not strictly imposed on such income obtained by non-residents.

In addition, urban maintenance and construction tax (currently at the rate ranging from 1% to 7%), education surcharge (currently at the rate of 3%) and local education surcharge (currently at 2%) are imposed based on the VAT liabilities.

The Manager, having taken and considered the independent professional tax advice and in accordance with such advice, has determined that

- (1) No PRC WIT provision will be made on the gross realized and unrealized capital gains from the disposal of PRC debt securities.
- (2) No PRC WIT provision will be made on the interest income derived from onshore PRC debt securities during the tax exemption period from 7 November 2018 to 6 November 2021 as provided by Notice 108. Upon expiry of such period, a PRC WIT provision of 10% will be made on the interest income derived from onshore PRC debt securities (except PRC Government Bonds).
- (3) No VAT provision will be made on the interest income derived from onshore PRC debt securities during the tax exemption period from 7 November 2018 to 6 November 2021 as provided by Notice 108. Upon expiry of such period, a 6% VAT provision will be made on the interest income derived from onshore PRC debt securities (except PRC Government Bonds), and local surcharges at 12% of the VAT amount will also be made.

Any PRC WIT provision made by the Manager in respect of the Sub-Fund may be lower than or higher than the Sub-Fund's actual tax liabilities. It should also be noted that there is a possibility of the PRC tax rules being changed and taxes being applied retrospectively. The Manager, acting in the best interest of Unitholders, will assess the WIT provisioning approach on an on-going basis.

If the actual tax levied by SAT is higher than that provided for by the Manager so that there is a shortfall in the tax provision amount, investors should note that the Net Asset Value of the Sub-Fund may be lowered, as the Sub-Fund will ultimately have to bear the full amount of tax liabilities. 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, the actual tax liabilities may be lower than the tax provision made, in which case those persons who have already redeemed their Units before the actual tax liabilities are determined will not be entitled or have any right to claim any part of such overprovision. Upon the availability of a definitive tax assessment or the issue of

announcements or regulations by the competent authorities promulgating definitive tax assessment rules, the Manager, will as soon as practicable, make relevant adjustments to the amount of tax provision as it considers necessary.

Unitholders may be disadvantaged depending upon the final tax liabilities, the level of provision and when they subscribed and/or redeemed their Units. Unitholders should seek their own tax advice on their tax position with regard to their investment in the Sub-Fund.

INVESTING IN THE FUND AND REDEMPTION OF UNITS

	Class A (HKD) - ACC	Class A (USD) - ACC	Class B (HKD) - ACC	Class B (USD) - ACC	Class I (HKD) - ACC	Class I (USD) - ACC	Class P (HKD) - ACC	Class P (USD) - ACC
Initial Offer Price**	10	10	10	10	10	10	10	10
Class Currency	HKD	USD	HKD	USD	HKD	USD	HKD	USD
**In the Class Currency. No subscription charge is levied on Units subscribed for during the Initial Offer Period.								
The following amounts are stated in the respective Class Currency of each Class.								
Minimum Initial Subscription Amount	1,000	100	100,000	10,000	10,000	1,000	1	1
Minimum Subsequent Subscription Amount	1,000	100	100,000	10,000	10,000	1,000	1	1
Minimum Redemption Amount	1,000	100	100,000	10,000	10,000	1,000	1	1
Minimum Holding Amount	1,000	100	100,000	10,000	10,000	1,000	1	1

* Class A is available for investment by general retail investors who invest through bank distributors; Class P is available for investment by retail investors who invest through distributors or distribution channels selected by the Manager; Class B is available for investment by managed accounts and other funds managed by the Manager; Class I is available to institutional and professional investors.

ISSUE PRICE AND REDEMPTION PRICE

Notwithstanding the disclosure in the sections “*Investing in the Fund – Issue Price*” and “*Redemption of Units - Redemption Price*”, the Issue Price and the Redemption Price of the Sub-Fund shall be rounded down to 4 decimal places. Any amount corresponding to such rounding will be retained for the benefit of the Sub-Fund.

CONVERSION

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

DISTRIBUTION POLICY

For the Accumulation Classes of Units (with suffix ACC), no distribution will be made to Unitholders.

FEES AND EXPENSES

Fees payable by investors:

Class	Class A	Class B	Class I	Class P
	Current Level	Current Level	Current Level	Current Level
Subscription Charge (% of subscription amount)	Up to 3%	Nil	Up to 1%	Nil
Redemption Charge (% of redemption amount)	Up to 1%	Nil	Up to 1%	Nil
Switching Fee (% of the total amount being converted)	Nil	Nil	Nil	Nil

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

Class	Class A	Class B	Class I	Class P
	Current Level	Current Level	Current Level	Current Level
Management Fee	0.3% p.a.	Nil	0.05% p.a.	0.6% p.a.

(% Net Asset Value of the relevant Class per annum)

Performance Fee	Nil	Nil	Nil	Nil
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Trustee Fee (% Net Asset Value of the Sub-Fund per annum)	0.04% p.a. for the first year after the Sub-Fund is launched and 0.05% p.a. from the second year and onward
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Custodian Fee (% Net Asset Value of the Sub-Fund per annum)	Up to 0.025% p.a. Included in the Trustee Fee
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Administration Fee

Trustee Fee and Custodian Fee together subject to a minimum monthly fee of HKD24,000 for the first year of launch of the Sub-Fund and thereafter the minimum monthly fee is HKD20,000.

Establishment Costs	The establishment costs of the Sub-Fund are approximately HK\$500,000 and will be borne by the Sub-Fund. The establishment costs will be amortised over the first 5 Accounting Period from the launch of the Sub-Fund (or such other period determined by the Manager after consultation with the Auditors).
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General Expenses	Please refer to the section headed “ <i>General Expenses</i> ” for further details.
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