BEA Union Investment

Prospectus

BU Fund Series OFC

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

May 2021

THIRD ADDENDUM
BU FUND SERIES OFC (the "Company")

This Third Addendum dated 15 August 2023 should be read in conjunction with, and forms part of, the Prospectus for the Company dated May 2021, as amended by the First Addendum dated 1 October 2022 and the Second Addendum dated 23 June 2023 (together, the "Prospectus").

All capitalised terms herein contained shall have the same meaning in this Third Addendum as in the Prospectus, unless otherwise indicated.

The Directors accept full responsibility for the accuracy of the information contained in this document at the date of publication, and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement misleading. However, neither the delivery of this document nor the offer or issue of Shares shall under any circumstances constitute a representation that the information contained herein is correct as of any time subsequent to the date of publication. Intending applicants for Shares should ask the Manager if any supplements to this document and/or the Prospectus (or any later Prospectus) have been issued.

The following changes shall be made to the Prospectus with effect from the date of this Third Addendum:

A. <u>Conversion of Shares of BU Asian Bond Fixed Maturity Fund 2025 (the "Sub-Fund")</u>

Conversion of Shares of the Sub-Fund into Shares of other sub-funds is permitted to allow flexibility to Shareholders of the Sub-Fund. The following amendments are made to reflect such change:

<u>Conversion into Shares of other Sub-Funds of the Company</u>

1. Under the section headed "**CONVERSION**" in "**APPENDIX 2 - BU ASIAN BOND FIXED MATURITY FUND 2025**", the first paragraph is deleted in its entirety and replaced with the following:-

   "Conversion of Shares of the Sub-Fund into Shares of another Sub-Fund is permitted, while conversion of shares of another Sub-Fund into Shares of the Sub-Fund or conversion of Shares between Classes of the Sub-Fund is not permitted."

2. Under the section headed "**INVESTING IN THE SUB-FUND AND REALISATION OF SHARES**" in "**APPENDIX 2 - BU ASIAN BOND FIXED MATURITY FUND 2025**", the third sentence in the remark ^ is deleted in its entirety and replaced with the following:-

   "Notwithstanding the above, Shareholders may continue to realise or convert their Shares at any time, including after the Sub-Fund has been closed to subsequent subscriptions, in accordance with the procedures defined in the Prospectus."

<u>Adjustment of prices</u>

3. Under the sub-section headed "**Term of the Sub-Fund**" in the section headed "**INVESTMENT CONSIDERATIONS**" in "**APPENDIX 2 - BU ASIAN BOND FIXED MATURITY FUND 2025**", the first and second sentences in the last paragraph are deleted in their entirety and replaced with the following:-

   "Although Shareholders may realise or convert their Shares at any time before the Sub-Fund's Maturity Date in accordance with the procedures defined in the main part of this Prospectus, they may be subject to a downward pricing adjustment when they realise or convert their Shares of the Sub-Fund. Shareholders should note the associated risks such as "***Limited duration risk***" and "***Pricing adjustments risk***" for realisation and conversion before the Sub-Fund's maturity."

4. Under the section headed "**FEES AND EXPENSES**" in "**APPENDIX 2 - BU ASIAN BOND FIXED MATURITY FUND 2025**", the third sentence in the remark **#** is deleted in its entirety and replaced with the following:-

"Notwithstanding the above, Shareholders may continue to realise or convert their Shares at any time in accordance with the procedures defined in the Prospectus, consequently the NAV may be adjusted downward at any time after the Sub-Fund's inception (including the re-opened period) and before the Sub-Fund's maturity."

B. Enhancement of Disclosure on Availability of Financial Reports

5. Under the sub-section headed "**Financial Reports**" in the section headed "**GENERAL INFORMATION**", the first sentence in the second paragraph is deleted in its entirety and replaced with the following:-

"Audited annual financial reports and unaudited interim financial reports (in English only) can be obtained within four months after the Accounting Date and two months after the Interim Accounting Date in each year, respectively, at the following website: www.bea-union-investment.com. Investors should note that the aforesaid website has not been reviewed or authorised by the SFC and may contain information about funds not authorised by the SFC."

C. Enhancement of Disclosure on Appointment of Service Provider

6. Under the sub-section headed "**Other Service Providers**" in the section headed "**MANAGEMENT AND ADMINISTRATION OF THE COMPANY**", the following paragraph is inserted before the first paragraph:-

"The Manager, on behalf of the Company, has appointed Intercontinental Exchange as its service provider in relation to liquidity risk management for the Sub-Funds."

D. Updates in relation to Beijing Stock Exchange

In light of the launch of the Beijing Stock Exchange, the following updates are made to the relevant disclosures in the Prospectus:

7. Under the section headed "**DEFINITIONS**", the definition of "**China A-Shares**" is removed in its entirety and replaced with the following:-

"shares issued by companies listed on the Shanghai Stock Exchange, the Shenzhen Stock Exchange or the Beijing Stock Exchange, traded in Renminbi and available for investment by Mainland Chinese investors, qualified investors ("**QI**") (qualified foreign institutional investors ("**QFII**") and Renminbi qualified foreign institutional investors ("**RQFII**")) and foreign strategic investors approved by the China Securities Regulatory Commission, and through Stock Connects (as the case may be)"

8. Under the section headed "**RISK FACTORS**", the sub-section headed **"Risks associated with ChiNext market and/or the Science and Technology Innovation Board (STAR market)"** is removed in its entirety and replaced with the following:-

"Risks associated with ChiNext market, the Science and Technology Innovation Board (STAR market) and/or Beijing Stock Exchange ("BSE")

- *Higher fluctuation on stock prices and liquidity risk*

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

- *Over-valuation risk*

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

- *Differences in regulation*

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

- *Delisting risk*

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

- *Concentration risk (Applicable to STAR market and BSE)*

  STAR market and BSE are newly established and may have a limited number of listed companies during the initial stage. Investments in STAR market and/or BSE may be concentrated in a small number of stocks and subject the fund to higher concentration risk.

Investments in the ChiNext market, STAR market and/or BSE may result in significant losses for the relevant Sub-Fund and its investor."

Dated: 15 August 2023

SECOND ADDENDUM
BU FUND SERIES OFC (the "Company")

This Second Addendum dated 23 June 2023 should be read in conjunction with, and forms part of, the Prospectus for the Company dated May 2021, as amended by the First Addendum dated 1 October 2022 (together, the "Prospectus").

All capitalised terms herein contained shall have the same meaning in this Second Addendum as in the Prospectus, unless otherwise indicated.

The Directors accept full responsibility for the accuracy of the information contained in this document at the date of publication, and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement misleading. However, neither the delivery of this document nor the offer or issue of Shares shall under any circumstances constitute a representation that the information contained herein is correct as of any time subsequent to the date of publication. Intending applicants for Shares should ask the Manager if any supplements to this document and/or the Prospectus (or any later Prospectus) have been issued.

The following changes shall be made to the Prospectus with effect from the date of this Second Addendum:

Change of investment objective and policies of BU APAC Bond Fund (the "Sub-Fund")

1. The Sub-Fund is re-named as "BU Asia Impact Bond Fund". All existing references to the Sub-Fund in the Prospectus shall be modified accordingly.

2. The following amendments are made to "**APPENDIX 1 – BU APAC BOND FUND**":

   (1) The sub-sections headed "**Investment Objective**" and "**Investment Policies**" under the section headed "**INVESTMENT CONSIDERATIONS**" shall be removed in their entirety and replaced with the following:-

"Investment Objective

The investment objective of the BU Asia Impact Bond Fund is to seek medium to long term capital growth and regular income by primarily investing in impact bonds (as defined below) including green, social and sustainability bond instruments in Asia or that are denominated in Asian currencies.

Investment Policies

At least 70% of the Sub-Fund's Net Asset Value will be invested in impact bonds (as defined below) that are (a) denominated in Asian currencies or (b) issued or guaranteed by Asian governments or entities incorporated in Asia, or with significant operations or asset in, or derive a significant portion of revenue or profits from Asia, and denominated in USD or other currencies. For the remaining assets, the Manager may at its discretion invest outside the Sub-Fund's principal geographical areas or asset classes. The Manager may also at its discretion invest the remaining assets outside, without contradicting, the Sub-Fund's key investment theme (i.e. green, social and sustainability).

"Impact bonds" are debt securities with designated use of proceeds that aim to generate measurable positive environmental and/or social impact. Impact bonds invested by the Sub-Fund are those which align with the Green Bond Principles ("**GBP**"), Social Bond Principles ("**SBP**") and/or Sustainability Bond Guidelines ("**SBG**") of the International Capital Market Association ("**ICMA**") (collectively, the "**ICMA Principles**"). Similar international green, social and sustainability standards, which are proportionate to the ICMA Principles (as elaborated below) in terms of the core components, may also be considered.

The ICMA Principles are a collection of voluntary process guidelines issued by ICMA with the stated mission and vision of promoting the role that global debt capital markets can play in financing progress towards environmental and social sustainability. In order for issuers to claim alignment with the ICMA Principles, at a minimum their bond issuance should align with all the following four core components: (i) use of proceeds, (ii) process for project evaluation and selection, (iii) management of proceeds, and (iv) reporting. To align with those four core components of the ICMA Principles, issuers of impact bonds shall: (i) indicate that proceeds will be used to finance "green", climate and/or social projects; (ii) have process to identify qualifying projects based on sound methodology and clear criteria; (iii) allocating proceeds to the identified projects and not to other general expenses/investments; and (iv) report, at least annually, the status of the use of proceeds, the status of projects and the actual environmental and/or social impact. Among the ICMA Principles, GBP, SBP and SBG provide the definition for "Green Bond", "Social Bond" and "Sustainability Bond" respectively. Issuers of debt securities may use the designations of "Green Bond", "Social Bond" and/or "Sustainability Bond", as appropriate, whenever their issuance aligns with all the core components of the respective ICMA Principles.

In its investment process, the Manager focuses on investible impact bonds by primarily considering Asian bonds that are in the categories of "Green Bond", "Social Bond" and/or "Sustainability Bond" in accordance with the respective ICMA Principles. These impact bonds invested by the Sub-Fund are designated to finance projects with environment and/or social impact, for example, renewable energy, energy efficiency, access to essential services, affordable housing, etc. The Manager conducts proprietary investment research, and collects relevant data from independent data sources and/or external reviews, where available in its assessment. Second party opinions (issued by external reviewers such as Sustainalytics, CICERO, ISS, etc.), offering circulars and annual reports of impact bonds are some examples of sources which shed light on their alignment with the core components of the ICMA Principles.

Bonds which are self-declared by the issuers to be green, social or sustainability bonds but do not have any sources of information to support their alignment with the respective ICMA Principles will not be included in the investible impact bond universe of the Sub-Fund. Otherwise, there is no other exclusion policy in respect of the securities invested by the Sub-Fund.

The Manager's bond selection and portfolio construction are based on bottom-up credit analysis, duration, sector allocation, country allocation and other considerations (such as risk diversification) to achieve the objective of the Sub-Fund.

In general, debt securities invested by the Sub-Fund may be issued by government, regional governments, municipal governments, government agencies, quasi-government organisations, financial institutions, investment trusts and property trusts, multi-national organisations and other corporations. They also include asset-backed securities and mortgage-backed securities (in aggregate of not more than 20% of the Sub-Fund's Net Asset Value), urban investment bonds (城投債) (less than 10% of the Sub-Fund's Net Asset Value), as well as money market funds and fixed income funds (in aggregate of less than 30% of the Sub-Fund's Net Asset Value and in compliance with 7.11 to 7.11D of the UT Code).

The Sub-Fund will invest at least 70% of its Net Asset Value in investment grade debt securities. "Investment grade" refers to: rating of Baa3 or above by Moody's Investor Services, Inc. or BBB- or above by Standard & Poor's Corporation or equivalent rating by internationally recognised rating agencies) or (for China onshore bonds) rating of AA- or above by a Mainland China credit rating agency. Before investing in a debt security, the Manager will consider the credit rating of the debt security itself, then the credit rating of the issuer or guarantor if the debt security is not rated. If neither the debt security nor issuer nor guarantor is rated, the debt security will be classified as non-rated.

No more than 10% of the Net Asset Value may be invested in securities issued by or guaranteed by any single sovereign issuer (including its government, a public or local authority of that country) with a credit rating below investment grade. For the avoidance of doubt, such securities would not include "quasi-government" securities or securities issued or guaranteed by issuers which are separate legal entities having their own balance sheets and assets, while at the same time being government-owned or related entities.

Debt securities in which the Sub-Fund will invest will not be subject to any duration requirement. Also, there is no explicit restriction on currency exposure. However, although the Sub-Fund may invest substantially in debt securities related to China, aggregate exposure to investments denominated in RMB (including China onshore bonds, urban investment bonds (城投債) and dim sum bonds) will be less than 30% of the Net Asset Value.

The Sub-Fund may invest less than 30% of its Net Asset Value in debt securities with loss absorption features, which may include contingent convertible debt securities (of less than 10% of the Sub-Fund's Net Asset Value), senior non-preferred debt and subordinated debt issued by financial institutions. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s). The Sub-Fund may invest less than 10% of its Net Asset Value in structured deposits or products.

In normal market conditions, the Sub-Fund may hold less than 30% of its Net Asset Value in cash or cash equivalents. Under exceptional circumstances (e.g. market crash or major crisis), this percentage may be temporarily increased to up to 100% for cash flow management.

Further information about the Manager's impact investing strategy in respect of the Sub-Fund is available on the Manager's website: https://bea-union-investment.com/sustainable-investments (this website has not been reviewed or authorized by the SFC)."

(2) The twelfth bullet point in the first paragraph under the section headed "**SPECIFIC RISK FACTORS**" shall be removed in its entirety and replaced with "Concentration risk / Asian market risk".

(3) The following paragraph shall be inserted after the first paragraph under the section headed "**SPECIFIC RISK FACTORS**":-

"Investors should also note the below additional risk pertaining to the Sub-Fund's investments on impact bonds:

Risks associated with investing in an impact bond strategy

The Sub-Fund primarily invests in impact bonds, and therefore carries the risk that, under certain market conditions, the Sub-Fund may underperform funds that do not focus on impact bonds. As the Sub-Fund has a focus on impact bonds, this may reduce risk diversifications and the value of the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments. It may be more susceptible to fluctuations in value resulting from the impact of adverse conditions on these investments. This may have an adverse impact on the performance of the Sub-Fund and consequently adversely affect an investor's investment in the Sub-Fund.

The implementation of the impact bond investment strategy of the Sub-Fund may result in forgoing opportunities to buy certain securities when it might otherwise be advantageous to do so, and/or selling securities when it might be disadvantageous to do so. This may adversely affect the Sub-Fund's investment performance.

In assessing the eligibility of a debt security, there is a dependence upon information and data from external research data providers and internal analyses, which may be subjective, incomplete, inaccurate or unavailable. In addition, there is a lack of standardized taxonomy of impact bonds. As a result, there is a risk of incorrectly or subjectively assessing a security or there is a risk that the Sub-Fund could have exposure to debt securities that do not meet the relevant criteria.

Neither the Company nor the Manager make any representation or warranty, express or implied, with respect to the fairness, correctness, accuracy, reasonableness or completeness of an assessment of external research data, the application of the ICMA Principles (or similar international green, social and sustainability standards), and the correct execution of impact bond strategy.

There is a risk that investments held in the Sub-Fund's portfolio over time no longer meet the Sub-Fund's investment criteria after the Sub-Fund's investment. The Manager might need to dispose of such investments when it might be disadvantageous to do so. This may lead to a fall in the Sub-Fund's Net Asset Value."

(4) Under the sub-section headed "**Fees payable by investors:**" in the section headed "**FEES AND EXPENSES**", the current realisation charge of Class A shall be changed from "0.5%" to "Currently waived".

Dated: 23 June 2023

FIRST ADDENDUM
BU FUND SERIES OFC (the "Company")

This First Addendum dated 1 October 2022 should be read in conjunction with, and forms part of, the Prospectus for the Company dated May 2021 (the "Prospectus").

All capitalised terms herein contained shall have the same meaning in this First Addendum as in the Prospectus, unless otherwise indicated.

The Directors accept full responsibility for the accuracy of the information contained in this document at the date of publication, and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement misleading. However, neither the delivery of this document nor the offer or issue of Shares shall under any circumstances constitute a representation that the information contained herein is correct as of any time subsequent to the date of publication. Intending applicants for Shares should ask the Manager if any supplements to this document and/or the Prospectus (or any later Prospectus) have been issued.

The following changes shall be made to the Prospectus with effect from the date of this First Addendum:

(A) ***Change of custodian and other service providers of the Company and the Sub-Funds***

1. Information under the heading "**Custodian(s)**" under the section headed "**DIRECTORY OF PARTIES**" shall be removed in its entirety and replaced with the following:-

"**Custodian(s)**

BNP Paribas

(acting through its Hong Kong branch)

Registered Address:

60-63/F Two International Finance Centre,

8 Finance Street, Central,

Hong Kong

Correspondence Address:

21/F., PCCW Tower

Taikoo Place, 979 King's Road

Hong Kong"

2. Information under the heading "**Administrator(s)**" under the section headed "**DIRECTORY OF PARTIES**" shall be removed in its entirety and replaced with the following:-

"**Administrator(s)**

BNP Paribas

(acting through its Singapore branch)

20 Collyer Quay #01-01,

Singapore 049319"

3. The second paragraph under the heading "**Custodian**" under the section headed "**MANAGEMENT AND ADMINISTRATION OF THE COMPANY**" shall be removed in its entirety and replaced with the following:-

"The profile of the Custodian(s) for the time being appointed for the Sub-Fund(s) of the Company, is set out below:

BNP Paribas (acting through its Hong Kong branch)

BNP Paribas, is a Société Anonyme incorporated under the laws of France, acting for the purposes herein through its Hong Kong branch, having its principal place of business at 60-63/F Two International Finance Centre, 8 Finance Street, Central, Hong Kong. The Custodian is authorized as a licensed bank in Hong Kong by the Hong Kong Monetary Authority pursuant to the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) and is registered with the SFC pursuant to the SFO to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities, subject to applicable conditions, in Hong Kong, and has the capacity to provide custodial services. "

4. The information under the section headed "**SERVICE PROVIDERS FOR THE SUB-FUND**" under "**APPENDIX 1 – BU APAC BOND FUND**" shall be removed in its entirety and replaced with the following:-

"For this Sub-Fund:

The "**Custodian**" is BNP Paribas (acting through its Hong Kong branch).

The "**Administrator**" is BNP Paribas (acting through its Singapore branch)."

5. The information under the section headed "**SERVICE PROVIDERS FOR THE SUB-FUND**" under "**APPENDIX 2 – BU ASIAN BOND FIXED MATURITY FUND 2025**" shall be removed in its entirety and replaced with the following:-

"For this Sub-Fund:

The "**Custodian**" is BNP Paribas (acting through its Hong Kong branch).

The "**Administrator**" is BNP Paribas (acting through its Singapore branch)."

6. The information under the section headed "**SERVICE PROVIDERS FOR THE SUB-FUND**" under "**APPENDIX 3 – BU CHINA CONSUMER POWER FUND**" shall be removed in its entirety and replaced with the following:-

"For this Sub-Fund:

The "**Custodian**" is BNP Paribas (acting through its Hong Kong branch).

The "**Administrator**" is BNP Paribas (acting through its Singapore branch)."

(B) ***Change of Director of the Company***

7. Under the sub-section headed "**Directors of the Company**" in the section headed "**DIRECTORY OF PARTIES**", "Chan Yue Hung Henry" is replaced by "Tjiang Man Kin" to reflect the change of Director of the Company with effect from 27 June 2022.

8. Under the sub-section headed "**Directors**" in the section headed "**MANAGEMENT AND ADMINISTRATION OF THE COMPANY**", "**Chan Yue Hung Henry** – Chief Investment Officer, BEA Union Investment Management Limited" is replaced by "**Tjiang Man Kin** – Chief Investment Officer of Equities, BEA Union Investment Management Limited".

(C) *Change of Director of the Manager*

9. Under the sub-section headed "**Directors of the Manager**" in the section headed "**DIRECTORY OF PARTIES**", "Hermann Alexander Schindler" is replaced by "André Haagmann" to reflect the change of Director of the Manager with effect from 18 March 2022.

(D) *Updates to the profile of the Manager*

10. Under the sub-section headed "**Manager**" in the section headed "**MANAGEMENT AND ADMINISTRATION OF THE COMPANY**", the second paragraph is deleted in its entirety and replaced with the following:-

    "The Manager is jointly owned by The Bank of East Asia, Limited and Union Asset Management Holding AG, and is licensed to carry on Types 1 (Dealing in Securities), 4 (Advising on Securities) and 9 (Asset Management) Regulated Activities under Part V of the SFO."

(E) *Restrictions on Realisation*

11. Under the section headed "**REALISATION OF SHARES**", the following shall be inserted after the second sentence of the second paragraph under the sub-section headed "**Restrictions on Realisation**", to increase flexibility in the restrictions on realisation of Shares:-

    "The limitation may not apply to certain Shareholder(s) if the Manager opines, after consultation with the Custodian, that the limitation would be unduly onerous or unfair to the Shareholder(s) concerned. In such cases, the Shares may be realised in full, provided that the holdings to be realised are in aggregate not more than 1% of the total Net Asset Value of Shares of such Sub-Fund in issue."

(F) Update on Hong Kong ad valorem stamp duty

12. Under the sub-section headed "**Stamp Duty**" of "**The Shareholders**" in the section headed "**Hong Kong Taxation**" of "**TAXATION**", the first sentence in the second paragraph is deleted in its entirety and replaced with the following:-

    "Unless otherwise exempted, sales or purchases or transfers of the Shares by the Shareholders should be liable to Hong Kong stamp duty of 0.26% (equally borne by the buyer and the seller) on the higher of the consideration amount or market value."

(G) Update on credit assessment of debt securities by Mainland China credit rating agencies

13. Under the sub-section headed "**Investment Policies**" in the section headed "**INVESTMENT CONSIDERATIONS**" in "**APPENDIX 1 – BU APAC BOND FUND**", the first sentence in the third paragraph is deleted in its entirety and replaced with the following:-

    ""Investment grade" refers to: rating of Baa3 or above by Moody's Investor Services, Inc. or BBB- or above by Standard & Poor's Corporation or equivalent rating by other recognised rating agencies or (for China onshore bonds) rating of AA- or above by a Mainland China credit rating agency."

14. Under the sub-section headed "**Investment Policies**" in the section headed "**INVESTMENT CONSIDERATIONS**" in "**APPENDIX 2 – BU ASIAN BOND FIXED MATURITY FUND 2025**", the last sentence in the fifth paragraph is deleted in its entirety and replaced with the following:-

    "The Sub-Fund may invest in investment grade (rated as AA- or above by a Mainland China credit rating agency), below investment grade or non-rated Onshore Debt Securities that meet the standards as determined by the Manager."

Dated: 1 October 2022

IMPORTANT INFORMATION FOR INVESTORS

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

This Prospectus comprises information relating to BU Fund Series OFC ("**Company**") and its sub-funds ("**Sub-Funds**").

The Company is a Hong Kong public open-ended fund company with variable capital and limited liability regulated under the SFO. The Company is established with an umbrella structure and the Sub-Funds of the Company have segregated liability. The Company was incorporated pursuant to an Instrument of Incorporation filed to the Companies Registry of Hong Kong on and effective as of 29 April 2020, as amended and restated, with registration number OF4.

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

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

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

SFC Registration and Authorisation

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

Selling restrictions

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

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

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

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

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

Some of the information in this Prospectus is a summary of corresponding provisions in the Instrument of Incorporation and the agreements with service providers appointed by the Company. Investors should refer to the Instrument of Incorporation and the relevant agreements for further details.

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

Please note that this Prospectus must be read together with the relevant Appendix and/or Addendum to this Prospectus which relate to a specific Sub-Fund of the Company. 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 Prospectus.

Information and Enquiries

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

- write to the registered address of the Company; or
- call the designated telephone number at +852 3608 0306 during normal office hours.

Enquiries or complaints from investors will be channelled to relevant parties, and the Company will revert to the investors accordingly.

Further Information

Investors may access the website www.bea-union-investment.com for further information on the Company and the Sub-Fund(s), including this Prospectus and the Product Key Facts Statement, annual and interim financial reports and latest Net Asset Values. This website has not been reviewed or authorised by the SFC and may contain information of funds not authorised by the SFC.

TABLE OF CONTENTS

DIRECTORY OF PARTIES

Registered Address

5th Floor

The Bank of East Asia Building

10 Des Voeux Road Central

Hong Kong

Directors of the Company

Wan Yuen Yung

Chan Yue Hung Henry

Tsang Sin Man

Cheung Kwok Choi

Lo Sui Yan Rex

Directors of the Manager

Brian Li Man Bun

Samson Li Kai Cheong

Wan Yuen Yung

Hermann Alexander Schindler

Gunter Karl Haueisen

Manager

BEA Union Investment Management Limited

5th Floor

The Bank of East Asia Building

10 Des Voeux Road Central

Hong Kong

Custodian(s)

BNP Paribas Securities Services

(acting through its Hong Kong branch)

21/F., PCCW Tower

Taikoo Place, 979 King's Road

Hong Kong

Registrar

BEA Union Investment Management Limited

5th Floor

The Bank of East Asia Building

10 Des Voeux Road Central

Hong Kong

Administrator(s)

BNP Paribas Securities Services

(acting through its Singapore branch)

20 Collyer Quay #01-01,

Singapore 049319

Legal Advisers

Deacons

5/F, Alexandra House

18 Chater Road

Central

Hong Kong

Auditors

KPMG

8th Floor

Prince's Building

10 Chater Road

Central

Hong Kong

DEFINITIONS

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

"AEOI"	Automatic Exchange of Financial Account Information ("**AEOI**") refers to one or more of the following, as the context requires: (a) Sections 1471 – 1474 of the US Internal Revenue Code of 1986 ("**IRS Code**"), as amended (referred to as the Foreign Account Tax Compliance Act or "**FATCA**"); (b) the Organisation for Economic Co-operation and Development ("**OECD**") Standard for Automatic Exchange of Financial Account Information in Tax Matters – the Common Reporting Standard and any associated guidance; (c) any intergovernmental agreement, treaty, regulation, guidance, standard or other agreement between the Hong Kong government (or any government body in Hong Kong) and any other jurisdiction (including any government bodies in such jurisdiction), entered into in order to comply with, facilitate, supplement or implement the legislation, regulations, guidance or standards described in (a) and (b) above; and (d) any legislation, regulations or guidance in Hong Kong that give effect to the matters outlined in the preceding (a) to (c) above
"Accounting Date"	31 December in each year or such other date or dates in each year as the Directors may from time to time select in respect of any Sub-Fund
"Accounting Period"	a period commencing on the date of incorporation of the Company or establishment of the relevant Sub-Fund (as the case may be) or on the date next following an Accounting Date and ending on the next succeeding Accounting Date or the date when the Company completes its winding up or the termination date of the relevant Sub-Fund (as the case may be)
"Administration Agreement"	the agreement by which the relevant Administrator is appointed to act as administrator of the Company and the Sub-Funds, as amended from time to time
"Administrator"	the entity named in the Appendix of the relevant Sub-Fund, in its capacity as the administrator of that Sub-Fund
"Amortisation Period"	in relation to the Company and/or a Sub-Fund, such period as specified in the relevant Appendix over which establishment costs of the Company and/or such Sub-Fund will be amortised
"Appendix"	the appendix containing specific information in relation to the Sub-Fund or a Class or Classes of Shares in relation thereto which is enclosed with this Prospectus and which forms part of this Prospectus
"Application Form"	the prescribed application form for the subscription of Shares and for the avoidance of doubt, the Application Form does not form part of this Prospectus
"Auditors"	KPMG or the person appointed and acting as auditor of the Company for the time being
"Authorised Distributor"	any person appointed by the Company to distribute Shares of some or all of the Sub-Funds to potential investors
"Base Currency"	in relation to a Sub-Fund, means the currency of account of the Sub-Fund as specified in the relevant Appendix
"Business Day"	a day (excluding Saturdays, Sundays, public holidays and days on which a tropical cyclone warning no. 8 or above or a "black" rainstorm warning signal is hoisted in Hong Kong at any time between the hours of 9:00 a.m. and 5:00 p.m.) on which licensed banks are open for general business in Hong Kong unless the Directors otherwise determine
"China" or "PRC"	the People's Republic of China
"China A-Shares"	shares issued by companies listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange, traded in Renminbi and available for investment by Mainland Chinese investors, qualified investors ("**QI**") (qualified foreign institutional investors ("**QFII**") and Renminbi qualified foreign institutional investors ("**RQFII**")) and foreign strategic investors approved by the China Securities Regulatory Commission, and through Stock Connects
"China B-Shares"	shares issued by companies listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange, traded in foreign currencies and available for investment by Mainland Chinese investors and offshore investors

“China H-Shares”	shares issued by companies incorporated in Mainland China and listed on the Stock Exchange of Hong Kong and traded in Hong Kong dollars
"Class"	any class of Shares in issue in relation to a Sub-Fund
“Class Currency”	in relation to a Class of Shares, means the currency of account of such Class as specified in the relevant Appendix
“Company”	BU Fund Series OFC
“connected person”	in relation to a company, means: (a) any person or company beneficially owning, directly or indirectly, 20% or more of the ordinary share capital of that company or able to exercise, directly or indirectly, 20% or more of the total votes in that company; or (b) any person or company controlled by a person who or which meets one or both of the descriptions given in (a); or (c) any member of the group of which that company forms part; or (d) any director or officer of that company or of any of its connected persons as defined in (a), (b) or (c) above
“Conversion Charge”	the Conversion Charge (if any) payable on the conversion of Shares and as specified in the relevant Appendix
“Conversion Form”	the prescribed conversion form for the conversion of Shares and for the avoidance of doubt, the Conversion Form does not form part of this Prospectus
“Custodian”	the entity named in the Appendix of the relevant Sub-Fund, in its capacity as the custodian of that Sub-Fund, or where the context requires, the Custodian(s) acting or taking responsibility collectively
“Custodian Agreement”	the agreement by which the Custodian is appointed to act as custodian of the Sub-Funds, as amended from time to time
“Dealing Day”	in relation to a Sub-Fund, or, as the context may require, of a particular Class relating to a Sub-Fund, each Business Day or such other day or days as the Directors may from time to time determine, either generally or in respect of a particular Class or Classes of Shares and as specified in the relevant Appendix
“Dealing Deadline”	in relation to a Dealing Day, such time by which a request for dealing in Shares of a Sub-Fund or a Class of Shares must be received either on such Dealing Day or on such other Business Day or day as the Directors may from time to time determine either generally or in relation to any particular jurisdiction in which Shares of that Sub-Fund or the relevant Class may from time to time be sold and as specified in the relevant Appendix
“Directors”	the directors of the Company for the time being
“HK$” or “HKD”	Hong Kong Dollars, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Instrument of Incorporation”	the instrument of incorporation of the Company, as amended from time to time
“Interim Accounting Date”	30 June in each year or such other date or dates in each year as the Directors may from time to time select in respect of any Sub-Fund
“Investment Delegate”	in relation to a Sub-Fund, an entity that has been delegated the investment management function of all or part of the assets of the Sub-Fund, the details of which are as specified in the relevant Appendix (if applicable)
“Issue Price”	the issue price of a Share of a particular Class after the expiry of the Launch Period calculated in accordance with the Instrument of Incorporation and as described below under “**SUBSCRIPTION OF SHARES - Issue Price**”
“Launch Deadline”	4 p.m. (Hong Kong time) on the last Business Day of the Launch Period of a Sub-Fund or a particular Class of Shares or such other time on such Business Day or such other day as the Directors may from time to time determine and as specified in the relevant Appendix

"Launch Period"	in relation to a Sub-Fund or a Class or Classes of Shares, such period as the Directors may determine for the purpose of making an initial offer of Shares of such Sub-Fund or such Class or Classes and as specified in the relevant Appendix (if applicable)
"Launch Price"	the price per Share during the Launch Period as determined by the Directors and as specified in the relevant Appendix (if applicable)
"Mainland" or "Mainland China"	all the customs territories of the PRC, excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan, for the purposes of this Prospectus
"Management Agreement"	the agreement by which the Manager is appointed to act as manager of the Company and the Sub-Funds, as amended from time to time
"Manager"	BEA Union Investment Management Limited in its capacity as the investment manager of the Company and its Sub-Funds
"Minimum Initial Subscription Amount"	the minimum initial investment for Shares in a Sub-Fund or a Class of Shares and as specified in the relevant Appendix
"Minimum Holding Amount"	the minimum number or value of Shares of any Sub-Fund or Class of Shares which must be held by any Shareholder and as specified in the relevant Appendix
"Minimum Realisation Amount"	the minimum number or value of Shares of any Sub-Fund or Class of Shares to be realised by any Shareholder in respect of a partial realisation of Shares and as specified in the relevant Appendix
"Minimum Subscription Level"	In relation to a Sub-Fund, the total minimum subscription amount, if applicable, to be received on or prior to the close of the Launch Period and as specified in the relevant Appendix
"Minimum Subsequent Subscription Amount"	the minimum additional subscriptions for Shares in a Sub-Fund or a Class of Shares and as specified in the relevant Appendix
"Net Asset Value"	in relation to a Sub-Fund means the net asset value of such Sub-Fund or, as the context may require, of a Share of the Class or Classes relating to such Sub-Fund, calculated in accordance with the provisions of the Instrument of Incorporation and as summarised below under "**VALUATION AND SUSPENSION - Calculation of Net Asset Value**"
"OFC Code"	the Code on Open-ended Fund Companies issued by the SFC, as amended from time to time and supplemented by published guidelines or other guidance issued by the SFC
"Preliminary Charge"	the subscription charge (if any) payable on the issue of Shares and as specified in the relevant Appendix
"Prospectus"	this Prospectus including the Appendices, as each may be amended, updated or supplemented from time to time
"Realisation Charge"	the realisation charge (if any) payable upon realisation of Shares and as specified in the relevant Appendix
"Realisation Form"	the prescribed realisation form for the realisation of Shares and for the avoidance of doubt, the Realisation Form does not form part of this Prospectus
"Realisation Price"	the price at which Shares will be realised as determined in accordance with the Instrument of Incorporation and as described below under "**REALISATION OF SHARES - Realisation Price**"
"Registrar"	BEA Union Investment Management Limited, in its capacity as registrar of the Company and the Sub-Funds
"reverse repurchase transactions"	transactions whereby a Sub-Fund purchases securities from a counterparty of sale and repurchase transactions and agrees to sell such securities back at an agreed price in the future
"sale and repurchase transactions"	transactions whereby a Sub-Fund sells its securities to a counterparty of reverse repurchase transactions and agrees to buy such securities back at an agreed price with a financing cost in the future
"securities financing transactions"	collectively securities lending transactions, sale and repurchase transactions and reverse repurchase transactions
"securities lending transactions"	transactions whereby a Sub-Fund lends its securities to a security-borrowing counterparty for an agreed fee

"Securities Market"	any stock exchange, over-the-counter market or other organised securities market that is open to the international public and on which such securities are regularly traded
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance, Laws of Hong Kong (Chapter 571), as amended
"Share"	a voting, participating share in the Company
"Shareholder"	a person registered as a holder of a share in the capital of the Company
"Sub-Fund"	a separate part of the property of the Company that is invested and administered separately
"U.S."	United States of America
"US$" or "USD"	US Dollars, the lawful currency of the U.S.
"UT Code"	the Overarching Principles Section and Section II - Code on Unit Trusts and Mutual Funds of the SFC Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Structured Investment Products or any handbook, guideline and code issued by the SFC, as may be amended from time to time
"Valuation Agent"	the Administrator
"Valuation Day"	each Business Day on which the Net Asset Value of a Sub-Fund and/or the Net Asset Value of a Share or a Class of Shares falls to be calculated and in relation to each Dealing Day of any Class or Classes of Shares means either such Dealing Day or such other Business Day or day as the Directors may from time to time determine, either generally or in relation to a particular Sub-Fund or Class of Shares, and as specified in the relevant Appendix
"Valuation Point"	the close of business in the last relevant market to close on a relevant Valuation Day or such other time on that day or such other day as the Directors may determine from time to time either generally or in relation to a particular Sub-Fund or Class of Shares and as specified in the relevant Appendix

THE COMPANY

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

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

Each Sub-Fund is established as a separate pool of assets under the Instrument of Incorporation. The assets of a Sub-Fund belong exclusively to the Sub-Fund and shall not be used to discharge liabilities of, or the claims against, any other person including the Company and any other Sub-Fund. Any liability incurred on behalf of, or attributable to, a Sub-Fund may only be discharged out of the assets of such Sub-Fund. Without prejudice to the foregoing, the Directors may allocate assets or liabilities that (i) the Company receives or incurs on behalf of the Sub-Funds or in order to enable the operation of the Sub-Funds; and (ii) are not attributable to any particular Sub-Fund, between the Sub-Funds in a manner that the Directors reasonably believe is fair to the Shareholders generally.

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

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

MANAGEMENT AND ADMINISTRATION OF THE COMPANY

Directors

The Directors of the Company are:

Wan Yuen Yung - Chief Executive Officer, BEA Union Investment Management Limited;

Chan Yue Hung Henry - Chief Investment Officer, BEA Union Investment Management Limited;

Tsang Sin Man - Chief Investment Officer of Fixed Income, BEA Union Investment Management Limited;

Cheung Kwok Choi - Chief Operating Officer, BEA Union Investment Management Limited;

Lo Sui Yan Rex - Managing Director of Business Development, BEA Union Investment Management Limited.

The remuneration (if any) payable to the Directors is set out in the section headed "**FEES AND EXPENSES**". The Directors may fix the emoluments of Directors with respect to services to be rendered in any capacity to the Company.

Pursuant to the Instrument of Incorporation, the Company shall indemnify each Director or former Director against all costs, charges, losses, expenses and liabilities incurred by such Director in the execution and/or discharge of the Director or former Director's duties and/or the exercise of the Director's powers and/or otherwise in relation to or in connection with the Director's duties, powers or office, other than any liability of the Director to Shareholders under Hong Kong law or by reason of such Director's breach of trust through fraud or negligence. No provision in the Instrument of Incorporation shall be construed as diminishing or exempting the Directors from any of their duties and liabilities under the applicable laws and regulations, and the letters of appointment of the Directors may not contain any provision to the effect of providing any of such exemption or indemnity.

The Company may also take out, and pay for, insurance policies for the benefit of the Directors against any liability, other than any liability of the Director to Shareholders under Hong Kong law or by reason of such Director's breach of trust through fraud or negligence.

The Directors are entitled to, and have delegated, the day-to-day operations of the Company to service providers including the Manager, the Custodian and the Administrator. In performing their duties, the Directors are entitled to rely upon, and generally rely upon the work performed by, and information received from, such service providers.

The Directors should use reasonable care, skill and diligence to oversee the activities of the Manager and the Custodian as part of their overall duty to oversee the operations of the Company.

Manager

The Manager is BEA Union Investment Management Limited.

The Manager is jointly owned by The Bank of East Asia, Limited and Union Asset Management Holding AG, and is licensed to carry on Types 1 (Dealing in Securities), 4 (Advising on Securities), 5 (Advising on Futures Contracts) and 9 (Asset Management) Regulated Activities under Part V of the SFO.

The Manager has experience in providing to its clients (both private and institutional) a wide range of professional investment management services including, inter alia, managing tailor-made investment portfolios, advising on investment strategies and undertaking the sale and purchase of foreign equity, bonds and structured investment products.

The Company has appointed the Manager to manage the assets of the Company (i.e. to carry out investment management functions) and to provide asset valuation and pricing functions in respect of the Company and the Sub-Funds, pursuant to the Management Agreement.

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

The Manager may appoint other investment advisers to provide investment advisory service to any of the Sub-Funds from time to time and the remuneration of such investment advisers will be borne by the Manager.

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

Under the Management Agreement, the Manager 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 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 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 Shareholders or at Shareholders' expense. No provision in the Management Agreement or the Instrument of Incorporation shall be construed as diminishing or exempting the Manager from any of its duties and liabilities under the applicable laws and regulations, and the Management Agreement may not contain any provision to the effect of providing any of such exemption or indemnity.

The Manager may retire on 60 days' written notice pursuant to the Management Agreement. The Manager must retire when it ceases to meet the eligibility requirements (or is prohibited from acting as Manager) under the applicable regulatory requirements, or when the SFC withdraws its approval of the Manager. The Manager is subject to removal by notice in writing from the Directors where:

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

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

In the event that the Manager shall retire or be removed or its appointment shall otherwise terminate, the Company shall appoint another corporation eligible under the applicable laws and regulations to act as the investment manager of the Company which is approved by the SFC to be the Manager in place of the Manager so retiring or being removed on or before the expiry of any period of notice of such retirement or removal.

The Manager is entitled to the fees mentioned below in the section headed "**Manager's Fees**".

Custodian

The Company is an umbrella fund and multiple Sub-Funds may be established under the umbrella structure. The Company may elect to appoint a different Custodian for the assets of each Sub-Fund. Please refer to the relevant Appendix for the entity that has been appointed as Custodian of each Sub-Fund.

The profile of the Custodian(s) for the time being appointed for the Sub-Fund(s) of the Company, is set out below:

BNP Paribas Securities Services (acting through its Hong Kong branch)

BNP Paribas Securities Services, is a Société en commandite par actions (partnership limited by shares) incorporated under the laws of France, acting for the purposes herein through its Hong Kong branch, having its principal place of business at 21/F, PCCW Tower, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong. The Custodian carries on business as an authorised institution in Hong Kong registered under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) and has the capacity to provide custodial services.

Accordingly, in this Prospectus, references to "Custodian" shall be construed as references to the above entity or entities, as is relevant to the Sub-Fund or Sub-Funds in question. However, in regard to regulatory obligations required of a custodian to the Company which do not relate to one or more specified Sub-Funds or which cannot be allocated exclusively to one or more specified Sub-Funds, the Custodian(s) shall take responsibility collectively.

The Custodian shall act as custodian of the assets of the Sub-Fund(s) in respect of which it has been so appointed, pursuant to the Custodian Agreement. The Custodian is responsible for the safe-keeping of all the investments, cash and other assets forming part of the assets of the Sub-Fund(s), and such assets will be dealt with pursuant to the terms of the Custodian Agreement. The Custodian must take reasonable care, skill and diligence to ensure the safe-keeping of the relevant Sub-Fund's property entrusted to it.

Each Custodian may, from time to time appoint such person or persons (including a connected person) as sub-custodian, delegate, nominee or agent in respect of the whole or any part of the assets of any Sub-Fund and may empower any such person to appoint, with the prior consent in writing of or with no objection in writing by, the Custodian, sub-custodians, nominees, agents and/or delegates. The fees and expenses of such sub-custodians, nominees, agents, delegates or any persons appointed by the Custodian in relation to the relevant Sub-Fund shall, if approved by the Directors, be paid out of the relevant Sub-Fund.

Each Custodian shall (A) exercise reasonable care, skill and diligence in the selection, appointment and ongoing monitoring of its sub-custodians, delegates, nominees or agents which are appointed for the custody and/or safekeeping of any of the investments, cash, assets or other property comprised in the relevant Sub-Fund (each a "**Correspondent**"); and (B) be satisfied that each Correspondent retained remains suitably qualified and competent on an ongoing basis to provide the relevant services to the relevant Sub-Fund. Provided that the Custodian has discharged its obligations set out in (A) and (B) the Custodian shall not be liable for any act, omission, insolvency, liquidation or bankruptcy of any Correspondent that is not a connected person of the Custodian. The Custodian shall remain liable for any act or omission of any Correspondent that is a connected person of the Custodian as if the same were the act or omission of the Custodian. The Custodian shall use reasonable endeavours to recover any loss of investments and other assets arising from any default of a Correspondent.

The Custodian(s) shall not be responsible for any act, omission, insolvency, liquidation or bankruptcy of (i) Euroclear Bank S.A./N.V., Clearstream Banking, S.A. or any other such central depositary or clearing and settlement system in relation to any investment deposited with such central depositary or clearing and settlement system; (ii) any lender (or nominee appointed by the lender) in whose name any investment transferred to it is registered pursuant to a borrowing undertaken for the account of the Company or a Sub-Fund; or (iii) each other Custodian appointed by the Company in respect of the other Sub-Funds the assets of which are not under their custody.

Under the Custodian Agreement, each Custodian and its directors, officers, employees, delegates and agents shall be entitled for the purpose of indemnity against any actions, proceedings, liabilities, costs, claims, damages, expenses (including all reasonable legal, professional and other similar expenses) or demands to which it may be put or asserted against or which it may be put, or may incur or suffer whether directly or indirectly, or which are or may be imposed on the Custodian in performing its obligations or functions or exercising its powers, authorities or discretions under the Custodian Agreement or relating to a Sub-Fund to have recourse to the assets of the relevant Sub-Fund or any part thereof but shall not have a right of recourse to the assets of any other Sub-Fund. Notwithstanding the foregoing, the Custodian(s) 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 they may be liable in relation to their duties, or be indemnified against such liability by Shareholders or at Shareholders' expense. No provision in the Custodian Agreement or the Instrument of Incorporation shall be construed as diminishing or exempting the Custodian from any of its duties and liabilities under the applicable laws and regulations, and the Custodian Agreement may not contain any provision to the effect of providing any of such exemption or indemnity.

The Manager is solely responsible for making investment decisions in relation to the Company and/or each Sub-Fund. The Custodian(s) 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 in respect of the relevant Sub-Fund(s) that is appointed and save for the aforesaid, the Custodian is not responsible and has no liability for any investment decision made by the Manager.

The Custodian may retire on 60 days' prior written notice pursuant to the Custodian Agreement. The Custodian must retire when it ceases to meet the eligibility requirements (or is prohibited from acting as Custodian) under the applicable regulatory requirements or when the SFC withdraws its approval of the Custodian. The Custodian is subject to removal by notice in writing from the Directors where:

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

The Custodian may not retire except upon the appointment of a new Custodian.

In the event that the Custodian shall retire or be removed or its appointment shall otherwise terminate, the Company shall appoint another corporation eligible under the applicable laws and regulations to act as a custodian of the Company which is approved by the SFC to be the Custodian in place of the Custodian so retiring or being removed on or before the expiry of any period of notice of such retirement or removal. The retirement of the Custodian should take effect at the same time as the new Custodian takes up office.

The Custodian is not responsible for the preparation or issue of this Prospectus other than the disclosures on the profile of the Custodian as set out above.

Administrator

The Manager may (on behalf of the Company) appoint a different Administrator for the certain administrative services of each Sub-Fund. The entity that has been appointed to act as Administrator of a Sub-Fund is set out in the relevant Appendix.

The Manager has entered into an Administration Agreement with each of the Administrators. Each Administrator is responsible for providing certain administrative services to the Sub-Fund(s) in respect of which it is appointed. In addition, the Manager has delegated asset valuation and pricing functions in respect of the relevant Sub-Fund of the Company to the Administrator.

Under the relevant Administration Agreement, the Administrator 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 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 Administrator 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 Shareholders or at Shareholders' expense.

The Administrators are not responsible for the preparation or issue of this Prospectus other than the disclosures on the Administrators as set out above.

Authorised Distributors

The Company plans to appoint Authorised Distributor(s) to market, promote, sell and/or distribute Shares, and to receive applications for subscription, realisation and/or conversion of Shares.

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

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

The Company or the Manager may pay or share any of the fees received by them (including any Preliminary Charge, Realisation Charge, Conversion Charge 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 Company or the Sub-Fund(s) will not be paid from the assets of the Company or the Sub-Fund(s).

Auditors

The Manager has appointed KPMG to act as the Auditors of the Company and the Sub-Funds. The Auditors are independent of the Company, the Manager and the Custodian(s).

Other Service Providers

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

INVESTMENT CONSIDERATIONS

Investment Objective and 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 Shareholders by at least one month's prior written notice (or such other notice period as agreed with the SFC). Set out below are the overriding principles and requirements that must be satisfied in order for any changes to be classified as immaterial changes:

(a) the changes do not amount to a material change to the relevant Sub-Fund;

(b) there will be no material change or increase in the overall risk profile of the relevant Sub-Fund following the changes; and

(c) the changes do not have a material adverse impact on rights or interests of Shareholders of the relevant Sub-Fund (including changes that may limit ability of Shareholders of the relevant Sub-Fund in exercising their rights).

Investment and Borrowing Restrictions

The Instrument of Incorporation sets out restrictions and prohibitions on the acquisition of certain investments by the Company and borrowing restrictions. Unless otherwise disclosed in the relevant Appendix, each of the Sub-Funds is subject to the investment restrictions and borrowing restrictions set out in Schedule 1 to this Prospectus.

Breach of Investment and Borrowing Restrictions

If the investment and borrowing restrictions for a Sub-Fund are breached, the Manager shall as a priority objective take all steps as are necessary within a reasonable period of time to remedy the situation, taking due account of the interests of the Shareholders of the relevant Sub-Fund.

Securities Financing Transactions

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

Liquidity Risk Management

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

The Manager's liquidity risk management policy takes into account the investment strategy, the liquidity profile, the realisation policy, the dealing frequency and the ability to enforce realisation limitations of the relevant Sub-Funds.

The liquidity risk management policy involves monitoring the profile of investments held by the Sub-Funds on an on-going basis to ensure that such investments are appropriate to the realisation policy as stated under the section headed "**REALISATION OF SHARES**", and will facilitate compliance with the Sub-Fund's obligation to meet realisation requests. Further, the liquidity risk management policy includes details on periodic stress testing carried out by the Manager to manage the liquidity risk of the Sub-Funds under normal and exceptional market conditions.

The following tool(s) may be employed to manage liquidity risks:

- the Manager may after consultation with the Custodian limit the number of Shares of any Sub-Fund realised on any Dealing Day to 10% of the total Net Asset Value of the relevant Sub-Fund in issue (subject to the conditions under the heading entitled "**Restrictions on Realisation**" in the section "**REALISATION OF SHARES**"). If such limitation is imposed, this would restrict the ability of a Shareholder to realise in full the Shares he intends to realise on a particular Dealing Day;
- subject to the restrictions in Schedule 1, the Manager may borrow in respect of a Sub-Fund to meet realisation requests;
- realisation of Shares may be suspended under exceptional circumstances (after consultation with the Custodian) as set out under the heading entitled "**Suspension**" in the section headed "**VALUATION AND SUSPENSION**". During such period of suspension, Shareholders would not be able to realise their investments in the relevant Sub-Fund;
- in calculation of the Issue Price and the Realisation Price, adjustments including: bid-ask spread, and fiscal and purchase (sales) charges or swing pricing adjustments may be made, in order to protect the interest of remaining Shareholders. Please refer to the heading entitled "**Adjustment of Prices**" in the section headed "**VALUATION AND SUSPENSION**" for details. As a result of such adjustment, the Issue Price or the Realisation Price, (as the case may be) will be higher or lower than the Issue Price or the Realisation Price (as the case may be) which otherwise would be if such adjustment has not been made.

RISK FACTORS

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

Risk of not achieving investment objective

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

Investment risks

A Sub-Fund's investment portfolio may fall in value due to any of the key risk factors set out in this Prospectus and the Appendix for the relevant Sub-Fund and therefore the investment in the relevant Sub-Fund may suffer losses. There is no guarantee of the repayment of principal.

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. Market movements may therefore result in substantial fluctuations in the Net Asset Value per Share of the relevant Sub-Fund.

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.

Custody Risks

Cash held with the Custodian or sub-custodians (where appointed) may not be segregated and may not be recoverable in case of liquidation, bankruptcy or insolvency of the Custodian and sub-custodians.

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

Equity investment risks

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

Volatility risk

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

Risk associated with small-capitalisation / mid-capitalisation companies

The stock prices of small and medium-sized companies may tend to be more volatile than large-sized companies due to a lower degree of liquidity, greater sensitivity to changes in economic conditions and higher uncertainty over future growth prospects.

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 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 / Counterparty risk*

  A Sub-Fund is exposed to the credit/default risk of issuers or guarantors of the debt securities that the relevant Sub-Fund may invest in. In times of financial instability there may be increased uncertainty around the credit worthiness of issuers of debt or other securities. Market conditions may mean there are increased instances of default amongst issuers. If the issuer of any of the securities in which the assets of a Sub-Fund are invested defaults or suffers insolvency or other financial difficulties, the value of such Sub-Fund will be adversely affected.

- *Credit ratings risk*

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

- *Credit rating downgrading risk*

  Investment grade securities invested by a Sub-Fund may be subject to the risk of being downgraded to below investment grade securities. In the event of downgrading in the credit ratings of a security or an issuer relating to a security, a Sub-Fund's investment value in such security may be adversely affected. The investment manager of the Sub-Fund may or may not dispose of the securities, subject to the investment objective of the Sub-Fund. In the event of investment grade securities being downgraded to below investment grade securities, the Sub-Fund will also be subject to the below investment grade securities risk outlined in the following paragraph.

- *Below investment grade and non-rated securities risk*

  A Sub-Fund may invest in securities which are below investment grade or which are non-rated. Investors should note that such securities would generally be considered to have a higher credit risk and a greater possibility of default than more highly rated securities. If the issuer of securities defaults, or such securities cannot be realised, or perform badly, investors may suffer substantial losses of principal and interest. In addition, the market for securities which are non-rated or rated below investment grade and/or have a lower credit rating generally is of lower liquidity, higher volatility and less active than that for higher rated securities and a Sub-Fund's ability to liquidate its holdings in response to changes in the economy or the financial markets may be further limited by factors such as adverse publicity and investor perception.

- *Risks associated with asset backed securities and mortgage backed securities (if applicable)*

  A Sub-Fund may invest in various types of collateralised and/or securitised products including asset backed securities and mortgage backed securities which may be highly illiquid and prone to substantial price volatility. These instruments may be subject to greater credit, liquidity and interest rate risk compared to other debt securities. They are often exposed to extension and prepayment risks and risks that the payment obligations relating to the underlying assets are not met, which may adversely impact the returns of the securities.

- *Interest rate risk*

  Interest rates may be subject to fluctuation. In general, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise. Longer term bonds are particularly susceptible to interest rate changes and may experience significant price volatility. Any fluctuation in interest rates may have a direct effect on the income received by such Sub-Funds and their respective capital value.

- *Volatility and liquidity risk*

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

- *Valuation risk*

  Valuation of a Sub-Fund's investments may involve uncertainties and judgmental determinations. If such valuation turns out to be incorrect, this may affect the Net Asset Value calculation of such Sub-Fund.

- *Sovereign debt risk*

  A Sub-Fund's investment in securities issued or guaranteed by governments may be exposed to political, social and economic risks. In adverse situations, the sovereign issuers may not be able or willing to repay the principal and/or interest when due or may request a Sub-Fund to participate in restructuring such debts. Such Sub-Fund may suffer significant losses when there is a default of sovereign debt issuers.

Credit rating agency risk (for Mainland China onshore debt securities)

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

Risks of investing in convertible bonds

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

Risks associated with debt instruments with loss-absorption features

Certain Sub-Funds may invest in debt instruments with loss-absorption features, for example, contingent convertible debt securities ("**CoCos**"), senior non-preferred debts and subordinated debts issued by financial institutions. These debt instruments are subject to greater risks when compared to traditional debt instruments as such instruments typically include terms and conditions which may result in them being partly or wholly written off, written down, or converted to ordinary shares of the issuer upon the occurrence of a pre-defined trigger event (e.g. when the issuer is near or at the point of non-viability or when the issuer's capital ratio falls to a specified level).

Such trigger events are likely to be outside of the issuer's control and commonly include a reduction in the issuer's capital ratio below a specified level or upon specific government or regulatory action being taken as a result of the issuer's ongoing financial viability. Trigger events are complex and difficult to predict and can result in a significant or total reduction in the value of such instruments, giving rise to consequential loss of the relevant Sub-Fund.

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

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

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

In particular for subordinated instruments (for example CoCos and subordinated debts), in the event of liquidation, dissolution or winding-up of an issuer, the relevant Sub-Fund's rights and claims against the issuer shall generally rank junior to the claims of all holders of unsubordinated obligations of the issuer.

The structure of some types of debt instruments with loss-absorption features is innovative and untested. In a stressed environment, it is uncertain how such instruments will perform.

"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 Net Asset Value of a Sub-Fund should there be any promulgation of new rules which limit or restrict the ability of issuers to raise RMB by way of bond issuances and/or reversal or suspension of the liberalisation of the offshore RMB (CNH) market by the relevant regulator(s).

Risks associated with China Interbank Bond Market (CIBM)

Market volatility and potential lack of liquidity due to low trading volume of certain debt securities in the CIBM may result in prices of certain debt securities traded on such market fluctuating significantly. 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 relevant Sub-Fund may therefore incur significant trading and realisation costs and may even suffer losses when selling such investments.

To the extent that a 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 the Foreign Direct Access Regime and/or Bond Connect, the relevant filings, registration with PBOC and account opening procedures have to be carried out via onshore settlement agent, offshore custody agent, registration agent or other third parties (as the case may be). As such, the Sub-Fund is subject to the risks of default or errors on the part of such third parties.

Investing in the CIBM via the Foreign Direct Access Regime and/or 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 relevant 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. A 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.

Risks of investing in urban investment bonds

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

Risks associated with the Stock Connects

Certain Sub-Funds may invest in China A-Shares via the Stock Connects. In addition to the risk factor "***China market risk***", the following additional risks apply:

Capitalised terms herein, unless otherwise stated, shall have the same meanings as defined in Annex A of the Prospectus.

- *Quota limitations*

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

- *Clearing and settlement risk*

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

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

- *Participation in corporate actions and shareholders' meetings*

  HKSCC will keep CCASS participants informed of corporate actions of SSE Securities and SZSE Securities. Hong Kong and overseas investors (including the relevant Sub-Fund) will need to comply with the arrangement and deadline specified by their respective brokers or custodians (i.e. CCASS participants). The time for them to take actions for some types of corporate actions of SSE Securities and SZSE Securities may be as short as one business day only. Therefore, the relevant Sub-Fund may not be able to participate in some corporate actions in a timely manner.

  Hong Kong and overseas investors (including the relevant Sub-Fund) are holding SSE Securities and SZSE Securities traded via the Stock Connects through their brokers or custodians. Where the articles of association of a listed company do not prohibit the appointment of proxy/multiple proxies by its shareholder, HKSCC will make arrangements to appoint one or more investors as its proxies or representatives to attend shareholders' meetings when instructed. Further, investors (with holdings reaching the thresholds required under the Mainland China regulations and the articles of associations of listed companies) may, through their CCASS participants, pass on proposed resolutions to listed companies via HKSCC under the CCASS rules. HKSCC will pass on such resolutions to the companies as shareholder on record if so permitted under the relevant regulations and requirements.

- *Suspension risk*

  Each of the SEHK, SSE and SZSE reserves the right to suspend trading if necessary for ensuring an orderly and fair market and that risks are managed prudently. Consent from the relevant regulator would be sought before a suspension is triggered. Where a suspension is effected, the relevant Sub-Fund's ability to access the Mainland China market will be adversely affected.

- *Differences in trading day*

  The Stock Connects only operate on days when both the Mainland China and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the Mainland China market but the Sub-Funds cannot carry out any China A-Shares trading. The Sub-Funds may be subject to a risk of price fluctuations in China A-Shares during the time when any of the Stock Connects is not trading as a result.

- *Restrictions on selling imposed by front-end monitoring*

  Mainland China regulations require that before an investor sells any share, there should be sufficient shares in the account; otherwise the SSE or SZSE will reject the sell order concerned. SEHK will carry out pre-trade checking on China A-Share sell orders of its participants (i.e. the stock brokers) to ensure there is no over-selling.

  Generally, if a Sub-Fund intends to sell certain China A-Shares it holds, it must transfer those China A-Shares to the respective accounts of its broker(s) before the market opens on the day of selling. If it fails to meet this deadline, it will not be able to sell those shares on the trading day. Because of this requirement, a Sub-Fund may not be able to dispose of its holdings of China A-Shares in a timely manner.

  However, the relevant Sub-Fund may maintain its China A-Shares with a custodian which is a custodian participant or general clearing participant participating in CCASS. In such circumstance, the Sub-Fund may request such custodian to open a special segregated account ("**SPSA**") in CCASS to maintain its holdings in China A-Shares under the enhanced pre-trade checking model. Each SPSA will be assigned a unique Investor ID by CCASS for the purpose of facilitating the order routing system to verify the holdings of an investor such as the relevant Sub-Fund. Provided that there is sufficient holding in the SPSA when a broker inputs the relevant Sub-Fund's sell order, the relevant Sub-Fund will only need to transfer China A-Shares from its SPSA to its broker's account after execution (as opposed to the practice of transferring China A-Shares to the broker's account under the current pre-trade checking model) and the relevant Sub-Fund will not be subject to the risk of being unable to dispose of its holdings of China A-Shares in a timely manner.

- *Operational risk*

  The Stock Connects are premised on the functioning of the operational systems of the relevant market participants. Market participants are permitted to participate in this program subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house.

  The securities regimes and legal systems of the two markets differ significantly and market participants may need to address issues arising from the differences on an ongoing basis. There is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems fail to function properly, trading in both markets through the program could be disrupted. The relevant Sub-Fund's ability to access the China A-Share market (and hence to pursue its investment strategy) may be adversely affected.

- *Regulatory risk*

  The current regulations relating to Stock Connects are untested and there is no certainty as to how they will be applied. In addition, the current regulations are subject to change which may have potential retrospective effects and there can be no assurance that the Stock Connects will not be abolished. New regulations may be issued from time to time by the regulators/ stock exchanges in the Mainland China and Hong Kong in connection with operations, legal enforcement and cross-border trades under the Stock Connects. The Sub-Funds may be adversely affected as a result of such changes.

- *Recalling of eligible stocks*

  When a stock is recalled from the scope of eligible stocks for trading via the Stock Connects, the stock can only be sold but restricted from being bought. This may affect the investment portfolio or strategies of the relevant Sub-Funds, for example, if the Manager wishes to purchase a stock which is recalled from the scope of eligible stocks.

- *Offshore shareholding restrictions risk*

  Hong Kong and overseas investors (including the relevant Sub-Fund) holding China A-Shares are subject to offshore shareholding restrictions. The capacity of the Sub-Fund to make investments in China A-Shares may be adversely affected by the activities of all underlying offshore investors investing through Stock Connects.

- *Risk of default of broker*

  Investment in Stock Connects is conducted through brokers, and is subject to the risks of default by such brokers' in their obligations.

Risks associated with ChiNext market and/or the Science and Technology Innovation Board (STAR Board)

- *Higher fluctuation on stock prices and liquidity risk*

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

- *Over-valuation risk*

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

- *Differences in regulation*

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

- *Delisting risk*

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

- *Concentration risk (Applicable to STAR Board)*

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

Investments in the ChiNext market and/or STAR Board may result in significant losses for the relevant Sub-Fund and its investor.

QI risk

The Sub-Fund's ability to make the relevant investments or to fully implement or pursue its investment objective and strategy is subject to the applicable laws, rules and regulations (including restrictions on investments and repatriation of principal and profits) in Mainland China, which are subject to change and such change may have potential retrospective effect.

The Sub-Fund may suffer substantial losses if the approval of the Manager's QI status is being revoked/ terminated or otherwise invalidated as the Sub-Fund may be prohibited from trading of relevant securities and repatriation of the Sub-Fund's monies, or if any of the key operators or parties (including the QI custodian/ brokers) is bankrupt/in default and/or is disqualified from performing its obligations (including execution or settlement of any transaction or transfer of monies or securities).

Mainland China tax considerations

By investing in PRC shares (including China A-, B- and H-Shares), Renminbi denominated corporate and government bonds, securities investment fund and warrants listed on the PRC stock exchanges (together "**PRC Securities**"), a Sub-Fund may be subject to withholding and other taxes imposed in Mainland China.

<u>Corporate Income Tax:</u>

For an enterprise that is not a tax resident enterprise and has no permanent establishment in Mainland China for Mainland China corporate income tax purposes under the Corporate Income Tax ("**CIT**") Law, a 10% Mainland China corporate income tax on a withholding basis ("**Mainland China WIT**") shall, subject to exemptions, apply to capital gains derived from the disposal of PRC Securities (although there could be practical difficulty for the Mainland Chinese tax authorities to impose and collect Mainland China WIT on capital gains derived from the trading of China H-Shares which is conducted outside Mainland China).

Interests and Dividends

Currently, a 10% tax is payable on interests derived from RMB denominated corporate bonds and dividends derived from China A-, B- and H-Shares unless a specific exemption is applicable. The entity distributing such dividend or interests is required to withhold such tax. Although no specific rules governing taxes in respect of dividends derived from China B-Shares have been issued, it is believed that similar tax treatment shall apply. On the other hand, interests derived from government bonds are exempt from Mainland China income tax under the CIT Law.

Caishui [2018] No. 108 ("**Circular No. 108**") on tax treatment for Overseas Institutional Investors ("**OIIs**") investing in China onshore bond market dated 7 November 2018 mentioned that the interest income of the bonds derived by OIIs in the Mainland China bond market is temporarily exempted from Mainland China WIT for three years effective from 7 November 2018 to 6 November 2021.

Under the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (the "**Mainland China-HK Arrangement**"), the Mainland China WIT charged on interest received by Hong Kong resident holders of debt instruments will be 7% of the gross amount of the interest, if the Hong Kong tax residents are the beneficial owners under the Mainland China-HK Arrangement, subject to the approval of the Mainland Chinese tax authorities. However, there are still uncertainties as to how the Mainland Chinese tax authorities will assess the beneficial ownership for investment fund cases; it is uncertain whether the relevant Sub-Fund can obtain approval from the Mainland Chinese tax authorities for this preferential rate. The Manager will continue to review the position including the views of the Mainland Chinese tax authorities, the administrative requirements for seeking such approvals and the cost and uncertainty of seeking approvals. The Manager may seek to apply for such approval from the Mainland Chinese tax authorities in relation to the relevant Sub-Fund, although this cannot be guaranteed. If the relevant approval is not obtained, the general Mainland China WIT rate of 10% will be applicable to the relevant Sub-Fund on interest. Pursuant to the Mainland China-HK Arrangement, the tax charged on dividends received by the non-resident holders of shares issued by Mainland Chinese resident companies will be 5% of the gross amount of the dividends, if Hong Kong tax residents are the beneficial owners and directly hold at least 25% of the equity of the company paying the dividends. Due to the investment restriction, the relevant Sub-Fund will not hold more than 10% of any ordinary shares issued by any single issuer. In this connection, dividends derived from China A-Shares invested through QIs will not benefit from the reduced tax rate of 5% and the general tax rate of 10% is applicable to the relevant Sub-Fund.

Capital Gains

Specific rules governing taxes on QI's capital gains derived from the trading of debt securities in Mainland China have yet to be announced. In the absence of such specific rules, the Mainland China income tax treatment should be governed by the general tax provisions of the CIT Law.

Pursuant to the Mainland China-HK Arrangement, capital gains derived by a Hong Kong tax resident from the disposal of Renminbi denominated corporate, government and non-government bonds may be exempted from the Mainland China WIT, subject to the approval of the Mainland Chinese authorities. This tax treaty exemption on capital gain will only apply if specific approval is obtained from the Mainland Chinese tax authorities. In this connection, the Manager will further assess and seek to apply with Mainland Chinese tax authorities to treat the relevant Sub-Fund and/or the Manager as Hong Kong tax resident and be able to enjoy the above capital gain tax exemption under the Mainland China-HK Arrangement, although this cannot be guaranteed. If the relevant approval is not obtained, the general rate of 10% will be applicable to the capital gains derived by the relevant Sub-Fund on the dealing of the PRC Securities other than equity investments issued by Mainland Chinese resident issuers.

In respect of equity interest investments such as China A-Shares, the Ministry of Finance, the State Administration of Taxation and the China Securities Regulatory Commission have issued circulars on 14 November 2014 to clarify the relevant corporate income tax liabilities:-

(i) Pursuant to the Circular Concerning the Temporary Exemption of the Corporate Income Tax for Gains Earned by QFII and RQFII from Transfer of Domestic Shares and Other Equity Interest Investment in China under Caishui [2014] No.79 ("**Circular No. 79**"):

- corporate income tax shall be exempt on a temporary basis on the gains earned by QIs from the transfer of domestic shares and other equity interest investment in Mainland China with effect from 17 November 2014; and
- corporate income tax shall be imposed on such gains earned by QIs before 17 November 2014 in accordance with the tax laws.

This circular is applicable for QIs without any establishment or place in Mainland China or the incomederived by the QIs are not effectively connected with their establishment or place in Mainland China.

(ii) Pursuant to the Circular on the Taxation Policy of the Pilot Programme for the Mutual Stock Market Access between Shanghai and Hong Kong Stock Markets under Caishui [2014] No.81 ("**Circular No. 81**") and the Circular on Issues Relating to the Tax Policy of the Pilot Inter-connected Mechanism for Trading on the Shenzhen and Hong Kong Stock Markets under Caishui [2016] No.127 ("**Circular No. 127**"), in respect of trading of China A-Shares through the Stock Connects:

- corporate income tax shall be exempt on a temporary basis on the gains earned by Hong Kong market investors (including corporate and individual investors) from the transfer of China A-Shares listed on the Shanghai Stock Exchange and Shenzhen Stock Exchange; and
- Hong Kong market investors are required to pay tax on dividend and bonus of China A-Shares at a standard rate of 10%, which will be withheld and paid to the relevant Mainland Chinese tax authority by the respective listed companies (before the Hong Kong Securities Clearing Company Limited is able to provide details such as investor identities and holding periods to the China Securities Depository and Clearing Corporation Limited, the policy of differentiated rates of taxation based on holding periods will temporarily not be implemented).

Value-added Tax ("VAT"):

Business Tax was completely replaced by VAT starting from 1 May 2016. With the Circulars Caishui [2016] No. 36 ("**Circular No.36**") and Caishui [2017] No. 70 ("**Circular No. 70**"), gains derived by QIs from the transfer of PRC Securities will be exempt from VAT since 1 May 2016. Also, based on Circular No.36, Circular No.81 and Circular No.127, the gains derived through Stock Connects from transfer of China A-Shares will be exempt from VAT since 1 May 2016.

However, for marketable securities other than those invested under QIs and Stock Connects, Circular 36 shall apply to levy VAT at 6% on the difference between the selling and purchase prices of those marketable securities. Where capital gains are derived from transfer of offshore investment (e.g. H-Shares), VAT in general is not imposed as the purchase and disposal are often concluded and completed outside Mainland China.

It is not clear on whether and how the collection of VAT on capital gains derived by non-Mainland China tax resident enterprises from the trading (i.e. both buy and sales) of China B-Shares would be enforced.

Interest income received by QIs from investments in onshore debt securities shall be subject to 6% VAT unless special exemption applies. According to the Circular 36 and Caishui [2016] No. 46, deposit interest income is not subject to VAT and interest income earned on government bonds and policy bank bonds is exempted from VAT, while pursuant to Caishui [2018] No. 108, the interest income of the bonds derived by OIIs in China onshore bond market is exempted from VAT for three years effective from 7 November 2018 to 6 November 2021.

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

If VAT is applicable, there are also other surtaxes (which include Urban Construction and Maintenance Tax, Education Surcharge and Local Education Surcharge) that would amount to as high as 12% of VAT payable.

Stamp duty:

Stamp duty under the Mainland China laws generally applies to the execution and receipt of all taxable documents listed in the PRC's Provisional Rules on Stamp Duty. Stamp duty is levied on the execution or receipt in Mainland China of certain documents, including contracts for the sale of China A- and B-Shares traded on the Mainland China stock exchanges, at the rate of 0.1%. In the case of contracts for sale of China A- and B-Shares, such stamp duty is currently imposed on the seller but not on the purchaser.

Under Circular No. 81, Hong Kong market investors trading through Stock Connects are required to pay stamp duty arising from the sale and purchase of China A-Shares and the transfer of China A-Shares by way of succession and gift in accordance with the prevailing Mainland China taxation regulations.

Tax provision:

It is the intention of the Manager to operate the affairs of the Manager as a QI and the relevant Sub-Funds such that they are not tax resident enterprises and have no permanent establishment in Mainland China for Mainland China corporate income tax purposes, although this cannot be guaranteed. Separately, for the tax treatment of income tax and other tax categories payable in respect of trading in China interbank bond market by offshore institutional investors (except WIT and VAT on interest income from Mainland debt securities are exempted on temporary basis pursuant to Circular No. 108) , there is no specific guidance released by the Mainland Chinese tax authorities. Any Mainland China WIT imposed in respect of the PRC Securities invested by the relevant Sub-Fund will be passed on to the Sub-Fund and the asset value of the Sub-Fund will be reduced accordingly.

The Manager may make further provisions in respect of a Sub-Fund for the above tax obligations based on professional and independent tax advice obtained. With the uncertainties under the applicable Mainland China tax laws and the possibility of such laws being changed and taxes being applied retrospectively, any provision for taxation, if made by the Manager, may be excessive or inadequate to meet actual Mainland China tax liabilities on gains derived from PRC Securities. In the event that it is satisfied (based on tax advice) that part of the tax provisions are not required, the Manager will release such provisions back into the relevant Sub-Fund, forming part of such Sub-Fund's assets. In case of any shortfall between the provisions and actual tax liabilities, which will be debited from the Sub-Fund's assets, the Sub-Fund's asset value will be adversely affected.

Investors may be advantaged or disadvantaged depending upon the final tax outcome as and when they subscribed and/or realised their Shares in/from the relevant Sub-Fund. Investors should note that no Shareholders who have realised their Shares in the Sub-Fund before the release of any excess tax provision shall be entitled to claim in whatsoever form any part of the tax provision or withholding amounts released to the relevant Sub-Fund, which amount will be reflected in the value of Shares in such Sub-Fund.

The Manager, after taking professional and independent tax advice, has also decided that the relevant Sub-Fund will not withhold any amount of realised or unrealised gains on its investments in China A-Shares as tax provisions.

Various tax reform policies have been implemented by the Mainland Chinese government in recent years, and existing tax laws and regulations may be revised or amended in the future. There is a possibility that the current tax laws, regulations and practice in Mainland China will be changed with retrospective effect in the future and any such change may have an adverse effect on the asset value of the relevant Sub-Fund. Moreover, there is no assurance that tax incentives currently offered to offhsore companies, if any, will not be abolished and the existing tax laws and regulations will not be revised or amended in the future. Any changes in tax policies may reduce the after-tax profits of the companies in Mainland China which a Sub-Fund invests in, thereby reducing the income from, and/or value of the Shares.

Risks of investing in other funds

A Sub-Fund may invest in other funds and will be subject to the risks associated with the underlying funds. Such Sub-Fund does not have control of the investments of the underlying funds and there is no assurance that the investment objective and strategy of the underlying funds will be successfully achieved which may have a negative impact to the Net Asset Value of the Sub-Fund.

The underlying funds in which a Sub-Fund may invest may not be regulated by the SFC. There may be additional costs involved when investing into these underlying funds. There is also no guarantee that the underlying funds will always have sufficient liquidity to meet the Sub-Fund's redemption requests as and when made. If a Sub-Fund invests in an underlying fund managed by the Manager or connected person of the Manager, potential conflicts of interest may arise. Please refer to the section headed "**GENERAL INFORMATION - Conflicts of Interest**" for details under the circumstances.

Risks relating to investment in ETFs generally

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

There can be no assurance that an active trading market will exist or maintain for units/shares of an ETF on any securities exchange on which units/shares of an ETF may trade. The units/shares of the ETFs which the Sub-Fund may invest in may be traded at large discounts or premiums to their net asset value, which may in turn affect the Net Asset Value of the Sub-Fund.

Borrowing risks

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

Emerging markets risks

Various countries in which a Sub-Fund may invest are considered as emerging markets. As emerging markets tend to be more volatile than developed markets, any holdings in emerging markets are exposed to higher levels of risks such as market risk, liquidity risks, currency risks/control, political and economic uncertainties, legal and taxation risks, settlement risks and custody 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. Accounting, auditing and financial reporting standards in some of the emerging markets in which a Sub-Fund's assets may be invested may be less vigorous than international standards. As a result, certain material disclosures may not be made by some companies.

China market risk

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

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

The regulatory and legal framework for capital markets and joint stock companies in Mainland China is still under development. 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.

Investments in equity interests of Chinese companies may be made through China A-Shares, China B-Shares and China H-Shares. Investments in these securities may be subject to increased price volatility and lower liquidity.

The Chinese government's control of currency conversion and movements in the Renminbi exchange rates may adversely affect the operations and financial results of Chinese companies.

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

Renminbi currency and conversion risks

A Sub-Fund may invest in securities denominated in Renminbi (or RMB) or may have RMB Hedged Class of Shares, therefore, it may be subject to Renminbi currency risks. RMB is currently not freely convertible and is subject to exchange controls and restrictions. Non-RMB based (e.g. Hong Kong) investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' base currencies (for example HKD) will not depreciate. Any depreciation of RMB could adversely affect the value of investor's investment in a Sub-Fund. Although offshore RMB (CNH) and onshore RMB (CNY) are the same currency, they trade at different rates. Any divergence between CNH and CNY may adversely impact investors. Under exceptional circumstances, payment of realisations and/or distribution payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB.

Concentration risk / Asian market risk

A Sub-Fund may invest only in a specific country/region/sector/asset class. Although a Sub-Fund's portfolio will be well diversified in terms of the number of holdings, investors should also be aware that such Sub-Fund is likely to be more volatile than a broad-based fund, such as a global or regional equity or bond fund, as the Sub-Fund will be more susceptible to fluctuations in value resulting from adverse conditions in the respective country/region/sector/asset class in which the Sub-Fund invests. In particular, some Sub-Funds' investments are concentrated in Asia. The value of such Sub-Funds may be more volatile than that of funds having a more diverse portfolio of investments. The value of such Sub-Funds may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the Asian market.

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.

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 risk

Certain Sub-Funds may be denominated in a certain currency although they may be invested in whole or in part in assets quoted in other currencies. The performance of such Sub-Funds will therefore be affected by changes in the exchange rate controls (if any) and movements in the exchange rate between the currencies in which the assets are held and the base currency of the Sub-Fund. Since the Manager aims to maximise returns for such Sub-Funds in terms of their base currency, investors in these Sub-Funds may be exposed to additional currency risk. Where the Class Currency of a class of Shares is different from the base currency of the Sub-Fund, Shareholders of such class of Shares are also subject to exchange rate risks between the two currencies.

Foreign exchange risk

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 realisation of Shares. For further details on suspension of dealings in a Sub-Fund, please refer to the section headed "**VALUATION AND SUSPENSION - Suspension**" below.

Sector risk

Sub-Funds which invest in a specific industry or target a specific sector will be subject to the risks of that industry or sector, which may include, but not limited to, rapid obsolescence of technology, sensitivity of regulatory change, minimal barriers to entry, and sensitivity to overall market swings.

Derivative and structured product risk

Risks associated with derivatives include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of a derivative can result in a loss significantly greater than the amount invested in the derivative by a Sub-Fund. 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 Sub-Fund will be subject to insolvency or default risk of the issuers or counterparties and over-the-counter markets risk. In addition, investment through structured products may lead to a dilution of performance of such Sub-Fund when compared to a fund investing directly in similar assets. Therefore, exposure to financial derivative instruments may lead to high risk of significant loss by the relevant Sub-Fund.

Over-the-counter markets risk

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

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.

Currency forward contracts risk

A Sub-Fund may enter into currency forward contracts for hedging and/or investment purposes. Forward contracts are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Trading in currency forward contracts is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies they trade. Market illiquidity or disruption could result in major losses to a Sub-Fund.

Furthermore, currency forward contracts do not eliminate fluctuations or prevent loss in foreign exchange rates. Performance may be strongly influenced by movements in foreign exchange rates. In such circumstances, the Sub-Fund's asset may be exposed to the losses on and the costs of the relevant financial instruments.

Hedging risk

The Manager is permitted, but not obliged, to use hedging techniques to attempt to offset market and currency risks. There is no guarantee that hedging techniques will achieve their desired result (e.g. a Sub-Fund may not obtain a perfect correlation between hedging instruments and the portfolio holdings being hedged). This may have an adverse impact on the relevant Sub-Fund and its investors.

The Manager may also, at its absolute discretion, seek to fully or partially hedge currency exposures arising from some or all of a Sub-Fund's underlying assets to the base currency of that Sub-Fund. Shareholders whose base currency is different (or not in a currency linked to that Sub-Fund's base currency or currency in which the relevant Currency Hedged class Shares are denominated) may be exposed to additional currency risk.

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

Currency hedging risk

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

Where the Sub-Fund enter into the hedging transactions, the costs of the hedging transactions will be reflected in the Net Asset Value of the Currency Hedged Class of Shares and therefore, an investor of such Currency Hedged Class of Shares will have to bear the associated hedging costs, which may be significant depending on prevailing market conditions.

If the counterparties of the instruments used for hedging purpose default, investors of the Currency Hedged Class of Shares may be exposed to currency exchange risk on an unhedged basis and may therefore suffer further losses.

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

Liquidity risk

In extreme market conditions, it may be difficult for a Sub-Fund to realise an investment at short notice without suffering a discount to market value. In such circumstances, Shareholders may suffer a delay in realising their investment.

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 realisation 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 Custodian of the relevant Sub-Fund, adjust the Net Asset Value of the Sub-Fund or the Shares, 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.

Pricing adjustments risk

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

Restricted markets risk

A Sub-Fund may invest in securities in jurisdictions (including Mainland China) which may impose limitations or restrictions on offshore ownership or holdings. The Sub-Funds may be required to make such investments 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 including (without limitation) repatriation limitations, unfavourable tax treatments, higher commission costs, dealing restrictions, regulatory reporting requirements and reliance on services of local custodians and service providers and other factors.

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 the Company, a Sub-Fund or a Class**", including where the asset size falls below the threshold disclosed in such section. In the event of the termination of a Sub-Fund, such Sub-Fund would have to distribute to the Shareholders their pro rata interest in the assets of the Sub-Fund. It is possible that at the time of such sale or distribution, certain investments held by the relevant Sub-Fund will be worth less than the initial cost of acquiring such investments, resulting in a loss to the Shareholders. Moreover, any organisational expenses (such as establishment costs) with regard to the relevant Sub-Fund that had not yet been fully amortised would be debited against the Sub-Fund's assets at that time.

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

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

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

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

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

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

Distributions risk and effect of distribution out of capital

Where a Sub-Fund has Distribution Classes, distributions may be made in respect of the Distribution Classes. However, there is no guarantee on such distributions or the distribution rate or dividend yield. A high distribution yield does not imply a positive or high return.

Subject to the disclosure in the relevant Appendix, the Directors may at their discretion make distributions from income and/or capital in respect of the Distributing Classes of a Sub-Fund. Investors should note that the distributions paid out of capital represents a return or withdrawal of part of the Shareholder's original investment or from any capital gains attributable to that original investment. **Distributions will result in an immediate decrease in the Net Asset Value of the relevant Shares.**

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

Cross-Sub-Fund liability

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

Cross-Class liability

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

Creation of Sub-Funds or new Classes of Shares

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

Non-compliance with HKFRS

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

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

US Foreign Account Tax Compliance Act

FATCA was enacted in March, 2010 which requires foreign financial institutions ("**FFIs**") (such as the Company and the Sub-Funds) to report on certain foreign accounts, and certain US Persons' direct and indirect ownership of non-US accounts and non-US entities with respect to certain payments made to such accounts, including interest and dividends from securities of US issuers and gross proceeds from the sale of such securities that can produce US source income. All such payments may be subject to FATCA withholding at a 30% rate, unless the recipient of the payment satisfies certain requirements intended to enable the US Internal Revenue Service ("**IRS**") to identify US persons (within the meaning of the IRS Code) with interests in such payments. To avoid such withholding on payments made to it, an FFI, such as the Company and the Sub-Funds (and, generally, other investment funds organised outside the US), 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 owners who are US Persons and report certain information concerning such US Person to the US IRS.

Hong Kong and the US signed an intergovernmental agreement ("**IGA**"), which facilitates compliance with the FATCA by financial institutions in Hong Kong. Under the IGA, the Company and its Sub-Funds registers with the US IRS is a Reporting Model 2 FFI and will not be subject to withholding tax under the FATCA if it identifies certain US Accounts and annually reports certain information of such US Accounts directly to the US IRS as required.

The Manager has been registered as a "sponsoring FFI" (i.e. the FFI which undertakes the obligations under FATCA on behalf of the Company and/or the Sub-Funds), and the Company and/or the Sub-Funds have been registered as "sponsored FFIs". The Manager, the Company and the Sub-Funds have already entered into FFI Agreement with the US IRS and registered with the US IRS. The Company 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 Company and/or any Sub-Fund is not able to comply with the requirements imposed by FATCA or the FFI Agreement and the Company or such Sub-Fund does suffer FATCA withholding tax on its investments as a result of non-compliance, the Net Asset Value of the Company and/or that Sub-Fund may be adversely affected and the Company and/or such Sub-Fund may suffer significant loss as a result.

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

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

Conflicts of interest; other activities of the Manager

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

Effect of substantial realisations

Substantial realisations by Shareholders within a short period of time could require a Sub-Fund to liquidate securities and other positions more rapidly than would otherwise be desirable, possibly reducing the value of its assets and/or disrupting its investment strategy. Further, it may be impossible to liquidate a sufficient amount of securities to meet realisations 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 addition, the resulting decrease in the size of the relevant Sub-Fund may immediately increase the ongoing charges of the Sub-Fund as a percentage of its Net Asset Value and may have an adverse impact on investors' return. Substantial realisations causing the size of the Sub-Fund to shrink significantly may trigger the Sub-Fund to be early terminated (see also "***Risk of termination***" above in the same section).

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

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

Reliance on management

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

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

SUBSCRIPTION OF SHARES

Classes of Shares

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

Initial Offer

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

Minimum Subscription Level

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

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

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

Subsequent Subscription

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

Issue Price

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

In calculating the Issue Price, there may be imposed, under the circumstances disclosed in the section "**VALUATION AND SUSPENSION – Adjustment of Prices**" below, such amount (if any) an appropriate allowance to reflect (i) the difference between the last traded price (or the mean between the last available bid and asked prices) of the investments of the relevant Sub-Fund and the latest available asked price of such investments and (ii) fiscal and purchase charges (including any stamp and other duties, taxes, governmental charges, brokerage, bank charges, transfer fees, or registration fees) which would be incurred for the account of the relevant Sub-Fund in investing an amount equal to that Net Asset Value per Share. For further details, please see "**VALUATION AND SUSPENSION – Adjustment of Prices**" below.

The Issue Price shall be rounded down to 2 decimal places or in such manner and to such other number of decimal places as may from time to time be determined by the Manager (as delegated by the Directors). Any amount corresponding to such rounding will accrue to the relevant Sub-Fund.

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

Preliminary Charge

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

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

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

Minimum Initial Subscription Amount and Minimum Subsequent Subscription Amount

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

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

Application Procedures

Unless otherwise specified in the relevant Appendix, applications for subscription of Shares may be made to the Registrar by completing the Application Form and sending it by post or by facsimile to the Registrar at the business address or facsimile number on the Application Form or may be given to Authorised Distributors for onward transmission to the Registrar. Applicants may be required to provide further supporting documents and/or information together with the Application Form. The Application Form is available from the Registrar and/or the Authorised Distributors.

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

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

Payment Procedures

Payment for Shares subscribed for cash during the Launch Period and the Preliminary Charge (if any) is due in cleared funds by the Launch Deadline. Following the close of the Launch Period, payment for Shares and the Preliminary Charge (if any) is due at the expiry of the 3 Business Days after the relevant Dealing Day.

If payment in full in cleared funds has not been received within the above timeframe, the Directors may (without prejudice to any claim in respect of the failure of the applicant to make payment when due) cancel any Shares which may have been issued in respect of such application for subscription.

Upon such cancellation, the relevant Shares shall be deemed never to have been issued and the applicant shall have no right to claim in respect thereof against the Company, provided that: (i) no previous valuations of the Company, the relevant Sub-Fund or the relevant Class of Shares shall be re-opened or invalidated as a result of the cancellation of such Shares; (ii) the Company (for the account of the relevant Sub-Fund) may charge the applicant a cancellation fee (subject to a maximum level of 5%) to represent the administrative costs involved in processing the application for such Shares from such applicant; and (iii) the Company (for the account of the relevant Sub-Fund) may require the applicant to pay to the Company (for the account of the relevant Sub-Fund in respect of each Share so cancelled) the amount (if any), by which the Issue Price of each such Share exceeds the Realisation Price of such Share on the day of cancellation (if such day is a Dealing Day for the relevant class of Shares) or the immediately following Dealing Day plus interest on such amount until receipt of such payment.

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

All payments should be made by cheque, direct transfer, telegraphic transfer or bank draft (or other manner as may be agreed by the Company). Cheques and bank drafts should be crossed "a/c payee only, not negotiable" and made payable to the accounts specified in the Application Form, stating the name of the relevant Sub-Fund to be subscribed, and sent with the Application Form. Payment by cheque is likely to cause delay in receipt of cleared funds and Shares generally will not be issued until the cheque is cleared. 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 Company, the Manager, the Administrator or the Custodian may from time to time require.

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

Subscription in Specie

The Instrument of Incorporation also provides that instead of receiving payment in cash, the Directors may issue fully paid Shares in exchange for such other investments as the Manager may from time to time agree (e.g. company shares, bonds or other financial instruments). The issue of Shares in exchange for investments shall be conducted in accordance with the Instrument of Incorporation, summarized as follows:

(a) Shares must not be issued until the investments have vested in the Custodian to the Custodian's satisfaction;

(b) Shares must not be issued if as a result the Sub-Fund would cease to comply with the investment restrictions and the laws and regulations applicable to such Sub-Fund;

(c) the number of Shares to be issued will be determined in accordance with the Instrument of Incorporation;

(d) the investments to be transferred to the relevant Sub-Fund must be valued on such basis as the Manager decides so long as such value is not more than the highest amount that would be obtained on the date of the exchange if the investments were valued in accordance with the section headed "**Calculation of Net Asset Value**" in the Prospectus; and

(e) the Manager and the Custodian must be satisfied that the terms of exchange are not likely to result in any prejudice to the existing holders of Shares relating to the relevant Sub-Fund.

Any valuation costs and transfer expenses associated with such subscription would be borne by the applicant.

General

The Directors have an absolute discretion to accept or reject in whole or in part any application for Shares.

If an application is rejected (either in whole or in part) or the Directors determine that the relevant Class of Shares or the relevant Sub-Fund and the Class or Classes of Shares related to it will not be launched, subscription moneys (or the balance thereof) will be returned within 5 Business Days from the relevant Dealing Day or close of the relevant Launch Period (as the case may be), or such other period as specified in the relevant Appendix, without interest and after deducting any of out-of-pocket fees and charges incurred by the Company, the Manager, the Administrator or the Custodian by cheque through the post or by telegraphic transfer to the bank account from which the moneys originated at the risk and expense of the applicant or in such other manner as the Company may from time to time determine. Save for any liability imposed under the laws of Hong Kong or for breach of trust through fraud or negligence of the relevant party, none of the Company, the Manager, the Administrator, the Custodian or their respective delegates or agents will be liable to the applicant for any loss the applicant suffers as a result of the rejection or delay of any application.

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

Fractions of a Share (rounded 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 Shares of a Sub-Fund or a Class will be issued where the determination of the Net Asset Value of that Sub-Fund or Class and/or the issuance of Shares of that Sub-Fund or Class is suspended (for further details see "**Suspension**" below) or when the Directors determine that subscriptions for such Sub-Fund or Class of Shares are closed.

REALISATION OF SHARES

Realisation of Shares

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

Realisation Price

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

In calculating the Realisation Price, there may be deducted, under the circumstances disclosed in the section "**VALUATION AND SUSPENSION – Adjustment of Prices**" below, an appropriate allowance to reflect (i) the difference between the last traded price (or the mean between the last available bid and asked prices) of the investments of the relevant Sub-Fund and the latest available bid price of such investments and (ii) fiscal and sales charges (including stamp and other duties, taxes, 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 realisation request. For further details, please see "**VALUATION AND SUSPENSION – Adjustment of Prices**" below.

The function of pricing of Shares (i.e. determination of the Realisation Price and any pricing adjustment set out under the section "**VALUATION AND SUSPENSION – Adjustment of Prices**") is delegated to the Manager.

The Realisation Price shall be rounded down to 2 decimal places or in such manner and to such other number of decimal places as may from time to time be determined by the Manager (as delegated by the Directors). Any amount corresponding to such rounding will accrue to the relevant Sub-Fund.

If at any time during the period from the time as at which the Realisation Price is calculated and the time at which realisation proceeds are converted out of any other currency into the Class Currency of the relevant Class there is an officially announced devaluation or depreciation of that currency, the amount payable to any relevant realising Shareholder may be reduced as appropriate to take account of the effect of that devaluation or depreciation.

Realisation Charge

The Directors may charge a Realisation Charge on the realisation of Shares of a percentage of either (i) the Realisation Price per Share; or (ii) the total realisation amount in relation to a realisation request, as the Directors may at their discretion determine. The maximum and current rates of Realisation Charge (if any) are specified in the relevant Appendix. For the avoidance of doubt, a lower maximum rate of Realisation Charge may be imposed in relation to the realisation of Shares of a Sub-Fund as compared to other Sub-Funds and also in relation to different Classes of Shares of a Sub-Fund.

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

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

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

Minimum Realisation Amount and Minimum Holding Amount

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

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

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

Realisation Procedures

Applications for realisation of Shares may be made to the Registrar or the Authorised Distributor(s) by completing the Realisation Form and sending it by post or by facsimile to the Registrar at the business address or facsimile number on the Realisation Form or may be given to Authorised Distributor(s) for onward transmission to the Registrar. The Realisation Form is available from the Registrar and/or the Authorised Distributors.

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

Payment of Realisation Proceeds

Realisation proceeds will normally be paid by direct transfer or telegraphic transfer in the Base Currency of the relevant Sub-Fund or the Class Currency of the relevant Class of Shares to the pre-designated bank account of the Shareholder (at the Shareholder's risk and expense). No third party payments will be permitted. Any bank charges associated with the payment of such realisation proceeds will be borne by the realising Shareholder.

Unless otherwise specified in the relevant Appendix relating to a Sub-Fund and subject to the approval of the Directors, and to applicable limits on foreign exchange, realisation proceeds can be paid in a currency other than the relevant Base Currency or Class Currency. Realisation proceeds may be paid in a currency other than the relevant Base Currency or Class Currency if so requested by the relevant realising Shareholders and agreed by the Directors. In addition, the Directors may, without the consent of the relevant realising Shareholders, pay realisation 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 realisation proceeds.

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

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

The Company may, in its absolute discretion, delay payment to the Shareholder until (a) the original of the Realisation Form duly signed by the Shareholder has been received by or on behalf of the Company; (b) the signature of the Shareholder (or each joint Shareholder) has on the Realisation Form been verified to the satisfaction of the Company or its duly authorised agents); and (c) the Shareholder has produced all documents or information required by the Company or its duly authorised agents for the purpose of verification of identity or that are necessary to ensure compliance with applicable laws and regulations, including anti-money laundering law or regulation.

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

The Company may also withhold such amounts as are required by the laws of any relevant jurisdiction. If the Company is required or entitled by any applicable laws, regulations, direction or guidance, or by any agreement with any tax or fiscal authority to make withholdings from any realisation moneys payable to the Shareholder, the amount of such withholdings shall be deducted from the realisation moneys otherwise payable to such person, provided that the Directors are acting in good faith and on reasonable grounds.

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

Realisation in Specie

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

Restrictions on Realisation

No Shares of a Sub-Fund or a Class may be realised where the determination of the Net Asset Value of that Sub-Fund or Class and/or the realisation of Shares of that Sub-Fund or Class is suspended (for further details see "**VALUATION AND SUSPENSION - Suspension**" below).

With a view to protecting the interests of all Shareholders of a Sub-Fund, the Manager may after consultation with the Custodian limit the number of Shares of such Sub-Fund realised on any Dealing Day to 10% of the total Net Asset Value of the relevant Sub-Fund. In this event, the limitation will apply pro rata so that all Shareholders of the relevant Sub-Fund who have validly requested to realise Shares of the same Sub-Fund on that Dealing Day will realise the same proportion of such Shares of that Sub-Fund. Any Shares not realised (but which would otherwise have been realised) will be carried forward for redemption, subject to the same limitation, and will have priority on the next succeeding Dealing Day and all following Dealing Days (in relation to which the Manager shall have the same power) until the original request has been satisfied in full. If requests for realisation are so carried forward, the Company will give notice to the Shareholders concerned that the relevant Shares have not been realised and that (subject to any further exercise of this power on any subsequent Dealing Day) such Shares shall be realised on the next succeeding Dealing Day for the relevant Sub-Fund.

Compulsory Realisation of Shares

If the Directors and the Manager reasonably suspect that Shares of any Class are owned directly, indirectly or beneficially by any person:

(a) in contravention of any laws or requirements of any country, any governmental authority or any stock exchange on which such Shares are listed; 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 Directors and the Manager to be relevant) which in their opinion might result in the Company, the relevant Sub-Fund, the Directors, the Custodian, the Manager, the Administrator, the Registrar, any other service provider to the Company or other Shareholders incurring any liability to taxation or requiring registration with any regulatory authority or suffering any other pecuniary disadvantage or would subject the Company, the relevant Sub-Fund, the Directors, the Custodian, the Manager, the Administrator, the Registrar, any other service provider to the Company or other Shareholders to any additional regulation which such party might not otherwise have incurred or suffered or been subject to; or

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

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

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

(ii) deem receipt of a realisation request from the relevant Shareholder in respect of such Shares; or

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

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

CONVERSION

Conversion of Shares

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

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

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

Conversion Charge

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

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

(ii) the total amount being converted into

as the Directors may at their discretion determine.

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

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

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

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

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

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

Where in either case:-

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

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

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

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

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

CC is a Conversion Charge (if any).

If there is, at any time during the period from the time as at which the Realisation Price per Share of the Existing Class is calculated up to the time at which any necessary transfer of funds from the Sub-Fund to which the Existing Class relates ("**Original Sub-Fund**") to the Sub-Fund to which the New Class relates takes place, a devaluation or depreciation of any currency in which any investment of the Original Sub-Fund is denominated or normally traded, the Realisation Price may be reduced as appropriate to take account of the effect of that devaluation or depreciation and in such event the number of Shares of the New Class to be allotted to any relevant Shareholder shall be recalculated in accordance with the relevant formula set out above as if that reduced Realisation Price had been the Realisation Price ruling for realisations of Shares of the Existing Class on the relevant Dealing Day.

Conversion Procedures

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

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

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

Restrictions on Conversion

Shares shall not be converted during any period when the determination of the Net Asset Value of any relevant Sub-Fund is suspended (for further details see "**VALUATION AND SUSPENSION - Suspension**" below) or when the Directors determine, that subscriptions for Shares of the New Class or realisations of Shares of the Existing Class are closed.

VALUATION AND SUSPENSION

Calculation of Net Asset Value

The Net Asset Value of each Sub-Fund, the Net Asset Value of each Class of Shares and the Net Asset Value per Share of each Class will be calculated in accordance with the Instrument of Incorporation as at the Valuation Point on each Valuation Day. Net Asset Value of a Sub-Fund shall be calculated by valuing the assets of such Sub-Fund in accordance with the provisions of the Instrument of Incorporation and deducting the liabilities attributable to such Sub-Fund in accordance with the provisions of the Instrument of Incorporation. The Instrument of Incorporation provides among others that:-

(a) Listed Investments

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

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

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

(iii) For an investment where only a single external pricing source is available, the price shall be obtained independently for that source as the Manager may, after consultation with the Custodian of the relevant Sub-Fund, deems appropriate.

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

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

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

(b) Unquoted Investments

The value of any investment (other than an interest in an unlisted collective investment scheme or a commodity) which is not quoted, listed or normally dealt in on a Securities Market shall be 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 Custodian of the relevant Sub-Fund as qualified to value such unquoted investment. Such professional person may, with the approval of the Custodian of the relevant Sub-Fund, 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 Custodian of the relevant Sub-Fund, any adjustment should be made to reflect the value thereof.

(d) Collective Investment Schemes

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

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

(e) Other Valuation Methods

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

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

(f) Conversion to Base Currency

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

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

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

(h) Appointment of a Third Party for Valuation

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

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

Net Asset Value per Share of a Class

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

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

Delegation of Valuation and Pricing Functions

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

Adjustment of Prices

Fiscal charges adjustment

In calculating the Issue Price, the Manager may make adjustments including adding bid-ask spread, and fiscal and purchase charges (as described under "**SUBSCRIPTION OF SHARES – Issue Price"** above) and in calculating the Realisation Price, the Manager may make adjustments including deducting bid-ask spread, and fiscal and sale charges (as described under "**REALISATION OF SHARES – Realisation Price**" above). In particular, the adjustment will be made during exceptional market circumstances or under circumstances when the Manager (after consultation with the Custodian) considers it is in the best interest of Shareholders. Such adjustment will be made on a fair and equitable basis and in the best interest of Shareholders.

Swing pricing mechanism

Further, and in addition to "fiscal charges adjustments" above, the Manager may make adjustments (commonly known as "swing pricing") to the Net Asset Value in order to mitigate any adverse impact (e.g. effect of transaction costs) to a Sub-Fund due to significant net subscriptions or realisations. Specifically, if, on a particular Dealing Day, the net subscription (realisation) of a Sub-Fund exceeds the predefined threshold as determined by the Manager from time to time, the Net Asset Value may be adjusted higher (lower), by an adjustment rate of normally no more than 3% of the original Net Asset Value per Share, to all classes of Shares of the Sub-Fund equally to protect existing Shareholders. The rate of adjustment may be increased beyond the aforesaid percentage during periods of exceptional market circumstances. All transactions on that Dealing Day will adopt the adjusted Net Asset Value. Adjusting the Net Asset Value upward (downward) results in investors paying more (receiving less) for each Share subscribed (realised).

Until the threshold rate is triggered, no pricing adjustment is applied and the transaction costs will be borne by the Sub-Fund. For the avoidance of doubt, fees other than the Preliminary Charge, Conversion Charge and Realisation Charge, will continue to be calculated on the basis of the unadjusted Net Asset Value.

As swing pricing adjustment can only be made in one direction on any given day, to recover the material dilution for the Sub-Fund, the adjustments made to the Net Asset Value (and thus Issue Price or Realisation Price) may also benefit certain investors (e.g., investors subscribing into the Sub-Fund on a day on which the Issue Price is adjusted downward as a result of net realisation from the Sub-Fund may benefit from paying a lower Issue Price in respect of their subscription than they would otherwise have been charged) relative to other Shareholders in the Sub-Fund as a whole.

Both fiscal charges adjustments and the swing pricing mechanism are made with a view to protecting the interests of Shareholders. The Manager will consult the Custodian prior to any adjustment and such adjustment would only be made where the Custodian of the relevant Sub-Fund has no objection to it.

Suspension

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

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

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

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

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

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

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

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

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

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

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

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

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

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

A suspension shall take effect at such time as the Manager shall declare but not later than the close of business on the Business Day next following the declaration until the Manager shall declare the suspension at an end, except that the suspension shall terminate in any event on the day following the first Business Day on which (i) the condition giving rise to the suspension shall have ceased to exist; and (ii) no other condition under which suspension is authorised shall exist.

Whenever the Manager declares such a suspension the Company shall immediately after any such declaration notify the SFC of such suspension and shall, immediately after any such declaration and at least once a month during the period of such suspension, publish in an appropriate manner (for example, on the Manager's website www.bea-union-investment.com) that such declaration has been made. Investors should note that the aforesaid website has not been reviewed or authorised by the SFC and may contain information of funds not authorised 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 Shares that accumulate income ("**Accumulating Classes**") or pay regular distributions out of net distributable income or capital of such Sub-Fund ("**Distributing Classes**").

Accumulating Classes

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

Distributing Classes

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

The Directors will also have the discretion to determine if and to what extent distributions will be paid out of net income and/or capital attributable to the relevant Distributing Class.

In the event that the net distributable income attributable to the relevant Distributing Class during the relevant period is insufficient to pay distributions as declared, the Directors may in their discretion determine such distributions be paid from capital. Payment of distributions 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 distributions out of a Sub-Fund's capital may result in an immediate reduction of the Net Asset Value per Share of the relevant Distributing Class.

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

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

Distributions will be paid in cash on the approximate dates as described in the relevant Appendix. Any payment of distributions in cash will normally be paid by direct transfer or telegraphic transfer in the Class Currency of the relevant Distributing Class to the pre-designated bank account of the Shareholder (at the Shareholder's risk and expense). No third party payments will be permitted.

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

FEES AND EXPENSES

Directors' remuneration

The Directors will determine the remuneration (if any) payable from the assets of the Company to each Director from time to time. It is the current intention that no Directors' remuneration will be charged. The Company will also pay expenses properly incurred by the Directors in the conduct of the Company's business including travel and other expenses, from the assets of the Company.

Manager's Fees

Management Fee

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

Performance Fee

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

Registrar's Fee

The Manager is entitled to receive a fee for acting as Registrar. The range of this fee is between 0.015% and 0.05% per annum of the Net Asset Value of the relevant Sub-Fund (or the relevant Class), as determined by the Registrar, subject to a minimum of USD3,000.

The Manager is also entitled to receive various transaction and processing fees as agreed with the Company from time to time and to be reimbursed by the relevant Sub-Fund (or the relevant Class) properly incurred by it in the performance of its duties.

Holders Servicing Fee

The holders servicing fee for each Sub-Fund (or any Class thereof) is set out in the relevant Appendix, subject to a maximum level of 2.0% per annum of the Net Asset Value of the relevant Sub-Fund (or the relevant Class). Such fee accrues daily and is payable monthly in arrears.

General

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

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

Custodian Fee

The Custodian 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 Custodian'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 Custodian is subject to a maximum rate as specified in the Appendix.

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

Administration Fee

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

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

Notice for Fee Increase

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

Establishment Costs

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

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

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

General Expenses

Each Sub-Fund will bear the costs of the Company (including those set out below) which are directly attributable to it. Where such costs are not directly attributable to a Sub-Fund, the Directors have absolute discretion to determine how such costs are to be allocated.

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

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

Transactions with Connected Persons, Cash Rebates and Soft Dollars

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

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

(b) it uses due care in the selection of such brokers or dealers and ensures that they are suitably qualified in the circumstances;

(c) transaction execution must be consistent with applicable best execution standards;

(d) the fee or commission paid to any such broker or dealer in respect of a transaction must not be greater than that which is payable at the prevailing market rate for a transaction of that size and nature;

(e) it monitors such transactions to ensure compliance with its obligations; and

(f) the nature of such transactions and the total commissions and other quantifiable benefits received by such broker or dealer shall be disclosed in the annual financial report of the Company.

Neither the Manager, Investment Delegate nor any of their connected persons will retain cash or other rebates from brokers or dealers in consideration of directing transactions for the Company to such brokers or dealers, save that goods and services (soft dollars) as described in the paragraph below may be retained. Any such cash commission or rebates received from any such brokers or dealers shall be for the account of the relevant Sub-Fund.

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

TAXATION

Each prospective Shareholder should inform himself or herself of, and where appropriate take independent professional advice on, the taxes applicable to the acquisition, holding and realisation of Shares by him or her under the laws of the places of his or her citizenship, residence and domicile.

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

Hong Kong Taxation

<u>The Company/ Sub-Fund(s)</u>

(a) *Profits Tax:*

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

(b) *Stamp Duty:*

Hong Kong stamp duty is ordinarily payable on the sale or purchase of Hong Kong stock. "Hong Kong stock" is defined under the Stamp Duty Ordinance, Laws of Hong Kong (Chapter 117) as "stock" the transfer of which is required to be registered in Hong Kong.

No Hong Kong stamp duty is payable by the Company on an allotment or realisation of Shares.

No Hong Kong stamp duty is payable on a sale or purchase of any Hong Kong stock that satisfies both of the following conditions (i) the sale or purchase is made in consideration of any allotment or realisation of a Share; (ii) the value of the Hong Kong stock is proportionate to the value of the Share.

<u>The Shareholders</u>

(a) *Profits Tax:*

Shareholders should not be subject to any Hong Kong profits tax on distributions by the Company (whether by way of withholding or otherwise) in accordance with the practice of the Inland Revenue Department of Hong Kong ("**IRD**") (as at the date of this Prospectus). Hong Kong profits tax (which is currently charged at the rate of 16.5% for corporations, and 15% for individuals or unincorporated businesses) will arise on any gains or profits made on the sale, realisation or other disposal of the Shares where such transactions form part of a trade, profession or business carried on by a Shareholder in Hong Kong and such Shares are not capital assets of the Shareholder. Shareholders should take advice from their own professional advisers as to their particular tax position.

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

(b) *Stamp Duty:*

No Hong Kong stamp duty is payable by a Shareholder in relation to an allotment of Shares or on the realisation of Shares.

Unless otherwise exempted, sales or purchases or transfers of the Shares by the Shareholders should be liable to Hong Kong stamp duty of 0.2% (equally borne by the buyer and the 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 Shares.

Other Jurisdiction(s)

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

Automatic Exchange of Financial Account Information

The Inland Revenue (Amendment) (No.3) Ordinance (the "**Ordinance**") came into force on 30 June 2016. The Ordinance establishes the legislative framework for the implementation in Hong Kong of the Standard for Automatic Exchange of Financial Account Information (also referred to as the Common Reporting Standard ("**CRS**")) in Hong Kong. The CRS requires financial institutions ("**FI**") in Hong Kong (such as the Company and the Sub-Funds) to collect information relating to tax residents of reporting jurisdictions holding financial accounts with FIs, and report such information to the IRD. The information will be further exchanged with jurisdiction(s) in which the account holder is a tax resident. Generally, tax information will be exchanged only with jurisdictions with which Hong Kong has activated exchange relationships under AEOI on the basis of bilateral competent authority agreements or a multilateral competent authority agreement under the Convention on Mutual Administrative Assistance in Tax Matters; however, the Company, the Sub-Funds and/or its agents may further collect information relating to residents of other jurisdictions.

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

The AEOI rules as implemented by Hong Kong require the Company and each Sub-Fund to, amongst other things: (i) register the Company's status as a "Reporting Financial Institution" with the IRD; (ii) conduct due diligence on its accounts (i.e., equity interest held by Shareholders) to identify whether any such accounts are considered "Reportable Accounts" for CRS purposes; and (iii) report certain information of such Reportable Accounts to the IRD. The IRD will then transmit such information reported to it to the government authorities of the relevant jurisdictions with which Hong Kong has activated exchange relationships under AEOI (i.e. the "**Reportable Jurisdictions**"). Broadly, CRS contemplates that Hong Kong FIs should report on: (i) individuals or entities that are tax residents in the Reportable Jurisdictions; and (ii) certain entities controlled by individuals who are tax residents in the Reportable Jurisdictions (collectively as "**Reportable Persons**"). Under the Ordinance, details of the Reportable Persons, including but not limited to their name, date of birth, address, tax residence, taxpayer identification number ("**TIN**"), account details, account balance/value, and certain income or sale or realisation proceeds, will be reported to the IRD, which will be subsequently exchanged with government authorities in the relevant Reportable Jurisdictions.

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

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

Financial Reports

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

As an alternative to the distribution of printed audited annual financial reports and unaudited interim financial reports, the Company will notify Shareholders where the audited annual financial report (in English only) can be obtained (in printed and electronic forms) within four months after the Accounting Date, and where the unaudited interim financial report (in English only) can be obtained (in printed and electronic forms) within two months after the Interim Accounting Date in each year. Once issued, hardcopies of the reports are available upon request of Shareholders free of charge and for inspection at any time during normal business hours on any Business Day at the office of the Manager.

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

Publication of Prices

The Net Asset Value for each Class of a Sub-Fund will be published on each Dealing Day of that Sub-Fund on the Manager's website www.bea-union-investment.com. Investors should note that this website has not been reviewed or authorised by the SFC and may contain information about funds not authorised by the SFC.

Removal and Retirement of Directors

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

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

A Director ceases to hold office if he/she:

(a) is prohibited from being a Director under applicable regulatory requirements;

(b) becomes bankrupt or makes any arrangement or composition with his/her creditors generally;

(c) becomes a mentally incapacitated person;

(d) resigns from the office of Director by notice in writing of the resignation of not less than 28 days;

(e) for more than 6 months has been absent without the Directors' permission from Directors' meetings held during that period;

(f) upon the expiry of any period or notice period stated in an agreement for the provision of services between the Company and the Director or if such agreement is summarily terminated in accordance with its terms; or

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

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

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

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

(a) the Net Asset Value of (i) the relevant Sub-Fund is less than USD 10 million (or its equivalent in the Base Currency of the Sub-Fund) or (ii) the relevant Class is less than USD 10 million (or its equivalent in the Class Currency of the relevant Class);

(b) in the opinion of the Directors, it is impracticable or inadvisable to continue the relevant Sub-Fund or the relevant Class (including without limitation, a situation where it is no longer economically viable to operate it);

(c) if any law shall be passed which renders it illegal or in the reasonable opinion of the Directors impracticable or inadvisable to continue the relevant Sub-Fund or the relevant Class; or

(d) in such other circumstances as set out in the Appendix for the relevant Sub-Fund or relevant Class.

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

(a) the Net Asset Value of the Company is less than USD 10 million or its equivalent in the Base Currency of the Company;

(b) if any law shall be passed which renders it illegal or in the reasonable opinion of the Directors impracticable or inadvisable to continue the Company; or

(c) in the opinion of the Directors, it is impracticable or inadvisable to continue the Company (including without limitation, a situation where it is no longer economically viable to operate it);

(d) if the Manager has retired, or has expressed an intention to retire, or is removed or liable to be removed from office and, within a period of 30 days thereafter, in the Directors' reasonable opinion no other qualified corporation may be appointed as successor, provided that applicable regulatory requirements have been complied with.

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

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

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

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

Winding Up of Company or a Sub-Fund

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

Instrument of Incorporation

The Company was incorporated pursuant to an Instrument of Incorporation filed to the Companies Registry on and effective as of 29 April 2020, as amended and restated, with registration number OF4.

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

Share Capital

The Company may from time to time issue more than one class of shares with no par value including management shares of US$1.00 each and participating shares. The paid-up capital of the Company is equal to its Net Asset Value.

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

Meetings and Voting Rights

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

Shareholders will be given not less than 21 days' notice of any meeting at which a special resolution is to be proposed and not less than 14 days' notice of any meeting at which an ordinary resolution is to be proposed.

The quorum for passing an ordinary resolution is Shareholders present in person or by proxy representing 10% of the Shares (other than management shares) relevant to the resolution in question and a minimum of two Shareholders. The quorum for passing a special resolution shall be Shareholders present in person or by proxy representing 25% or more of the Shares (other than management shares) relevant to the resolution in question as determined by the Directors and a minimum of two Shareholders. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting should be adjourned for not less than 15 days. In the case of an adjourned meeting, such Shareholders as are present in person or by proxy will form a quorum. On a poll votes should be proportionate to the number of Shares held (one vote for each Share held by any Shareholder present in person or by proxy) or to the value of Shares held where there are accumulation Shares. In the case of joint Shareholders, the senior of those who tenders a vote (in person or by proxy) will be accepted. For this purpose, seniority is determined by the order in which the names appear on the register of Shareholders.

Variation of Class Rights

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

Transfer of Shares

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

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

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

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

Anti-Money Laundering Regulations

As part of the Company's responsibility for the prevention of money laundering, the Company or its agents may require a detailed verification of an investor's identity and the source of payment of application moneys. Depending on the circumstances of each application, a detailed verification might not be required where:-

(a) the applicant makes the payment from an account held in the applicant's name at a recognised financial institution; or

(b) the application is made through a recognised intermediary.

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

In the event of delay or failure by the applicant to produce any documents or information required for verification of identity or legitimacy of the subscription monies, the Company may refuse to accept the application and the subscription moneys relating thereto. Further, the Company may delay paying any realisation proceeds if an applicant for Shares delays in producing or fails to produce any documents or information required for the purposes of verification of identity or that are necessary to ensure compliance with applicable laws and regulations. The Company may refuse to make payment to the Shareholder if the Company suspects or is advised that (i) such payment may result in a breach or violation of any laws or regulations, including any anti-money laundering law or regulation, by any person in any relevant jurisdiction; or (ii) such refusal is necessary or appropriate to ensure compliance by the Company, the Manager, the Custodian, the Administrator, the Registrar or other service providers with any such laws or regulations in any relevant jurisdiction.

Conflicts of Interest

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

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

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

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

In effecting transactions for the account of the Company with brokers or dealers connected to the Manager, any Investment Delegates appointed by the Manager or their connected persons, and in relation to any soft dollar received, the Manager shall ensure that the relevant requirements under the heading "**Transactions with Connected Persons, Cash Rebates and Soft Dollars**" under the section "**FEES AND EXPENSES**" are complied with.

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

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

The Manager and the Investment Delegate may enter into trades for the account of a Sub-Fund with the accounts of the Manager, the Investment Delegate or their connected persons or their respective clients (including other collective investment schemes managed by the Manager, the Investment Delegate or their connected persons) ("**cross trades**"). Cross trades between clients will only be undertaken where the sale and purchase decisions are in the best interests of both clients and fall within the investment objective, restrictions and policies of both clients, the cross trades are executed on arm's length terms at current market value, the reasons for such cross trades are documented prior to execution, and the cross trades are disclosed to both clients. Further, for any cross trades between a Sub-Fund and the accounts of the Manager or its connected persons, they should only be undertaken with the prior written consent of the Company, and of the Custodian of the relevant Sub-Fund, provided that any actual or potential conflicts of interest in such cross trades have been disclosed.

Directors' Interests

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

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

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

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

Facsimile Instructions

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

Forfeiture of Unclaimed Proceeds or Distributions

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

Market Timing

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

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

Certification for Compliance with FATCA or Other Applicable Laws

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

Power to Disclose Information to Regulatory and Tax Authorities

Subject to applicable laws and regulations in Hong Kong, the Company, the Administrator, the Custodian, the Manager, the Registrar, other service providers to the Company or any of their authorised person(s) (as permissible under applicable law or regulation) shall have the power to report or disclose to any government agency, regulatory authority or tax or fiscal authority in any jurisdictions (including but not limited to the IRS and the IRD), certain information in relation to the Company or any Shareholder, including but not limited to information relating to leverage, the asset and liabilities and securities financing transactions (if any) of the Company, a Shareholder's name, address, date of birth, tax residence, taxpayer identification number (if any), social security number (if any) and certain information relating to the Shareholder's holdings of Shares, account balance/value, and income or sale or realisation proceeds, to enable the Company, the Administrator, the Custodian, the Manager, the Registrar or other service providers to the Company to comply with any applicable law (including any law, rule and requirement relating to AEOI), regulation or any agreement with a tax authority (including, but not limited to, any agreement entered into pursuant to FATCA, or any similar or successor legislation).

Personal Data

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

Material Contracts

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

(a) an agreement entered into on or around the date of this Prospectus between the Company and the Manager pursuant to which the Manager was appointed, subject to the overall supervision of the Directors, to manage the investments and affairs of the Company and the Sub-Funds, with powers of delegation;

(b) an agreement entered into on or around the date of this Prospectus between the Manager and the Administrator, pursuant to which the Administrator was appointed to act as the administrator of the Company and to provide certain administrative services to the Company and the Sub-Funds (the "**Administration Agreement**"); and

(c) an agreement entered into on or around the date of this Prospectus between the Company and the Custodian pursuant to which the Custodian was appointed to act as custodian of the assets of the relevant Sub-Funds.

Documents Available for Inspection

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

(a) the Instrument of Incorporation;

(b) the Management Agreement;

(c) the Custodian Agreement;

(d) the latest audited annual financial reports and unaudited interim financial reports (if any) of the Company and the Sub-Funds.

SCHEDULE 1 - INVESTMENT RESTRICTIONS

In this Schedule 1,

"Government and other public securities" means any investment issued by, or the payment of principal and interest on which is guaranteed by, a government or any fixed-interest investment issued by its public or local authorities or other multilateral agencies

"Qualified Exchange Traded Funds" means exchange traded funds that are:

(a) authorized by the SFC under 8.6 or 8.10 of the UT Code; or

(b) listed and regularly traded on internationally recognized stock exchanges open to the public (nominal listing not accepted) and either (i) the principal objective of which is to track, replicate or correspond to a financial index or benchmark, which complies with the applicable requirements under 8.6 of the UT Code; or (ii) the investment objective, policy, underlying investments and product features of which are substantially in line with or comparable with those set out under 8.10 of the UT Code

"REITs" means real estate investment trusts

"substantial financial institution" means an authorized institution as defined in section 2(1) of the Banking Ordinance (Chapter 155 of Laws of Hong Kong) or a financial institution which is on an ongoing basis subject to prudential regulation and supervision, with a minimum net asset value of HK$2 billion or its equivalent in foreign currency, as amended by the UT Code from time to time

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

No holding of any security may be acquired for or added to a Sub-Fund which would result in and no cash deposits may be made which would result in:-

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

(i) investments in securities issued by that entity;

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

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

For the avoidance of doubt, restrictions and limitations on counterparty as set out in sub-paragraphs 1(a), 1(b) and 3.4(c) of this Schedule 1 will not apply to financial derivative instruments that are:

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

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

The requirements under this sub-paragraph 1(a) will also apply in the case of sub-paragraphs 5(e) and (j) of this Schedule 1.

(b) subject to sub-paragraphs 1(a) and 3.4(c) of this Schedule 1, the aggregate value of the Sub-Fund's investments in, or exposure to, entities within the same group through the following exceeding 20% of the latest available Net Asset Value of the relevant Sub-Fund:

(i) investments in securities issued by those entities;

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

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

For the purposes of sub-paragraphs 1(b) and 1(c) of this Schedule 1, "entities within the same group" means entities which are included in the same group for the purposes of consolidated financial statements prepared in accordance with internationally recognized accounting standards.

The requirements under this sub-paragraph 1(b) will also apply in the case of sub-paragraphs 5(e) and (j) of this Schedule 1.

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

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

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

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

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

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

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

(f) notwithstanding sub-paragraphs 1(a), (b) and (d) of this Schedule 1, the value of the Sub-Fund's total holding of Government and other public securities of the same issue exceeding 30% of the latest available Net Asset Value of such Sub-Fund (subject to this sub-paragraph, the Sub-Fund may invest all of its assets in Government and other public securities in at least six different issues). For the avoidance of doubt, Government and other public securities will be regarded as being of a different issue if, even though they are issued by the same person, they are issued on different terms whether as to repayment dates, interest rates, the identity of the guarantor, or otherwise.

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

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

provided that:

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

(B) where an underlying scheme's objective is to invest primarily in investments restricted by Chapter 7 of the UT Code, such investments may not be in contravention of the relevant limitation. For the avoidance of doubt, a Sub-Fund may invest in underlying scheme(s) authorized by the SFC under Chapter 8 of the UT Code (except for hedge funds under 8.7 of the UT Code), eligible scheme(s) of which the net derivative exposure does not exceed 100% of its total net asset value, and Qualified Exchange Traded Funds in compliance with sub-paragraphs 1(g)(i) and (ii) of this Schedule 1;

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

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

(E) the Manager or any person acting on behalf of the Sub-Fund or the Manager may not obtain a rebate on any fees or charges levied by an underlying scheme or its management company, or any quantifiable monetary benefits in connection with investments in any underlying scheme.

For the avoidance of doubt:

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

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

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

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

2. Investment prohibitions applicable to each Sub-Fund

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

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

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

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

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

(e) subject to sub-paragraph 1(e) of this Schedule 1, lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person. For the avoidance of doubt, reverse repurchase transactions in compliance with the requirements as set out in sub-paragraphs 4.1 to 4.4 of this Schedule 1 are not subject to the limitations in this sub-paragraph 2(e);

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

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

(h) invest in any security where a call is to be made for any sum unpaid on that security, unless the call could be met in full out of cash or near cash from the Sub-Fund's portfolio whereby such amount of cash or near cash has not been segregated to cover a future or contingent commitment arising from transaction in financial derivative instruments for the purposes of sub-paragraphs 3.5 and 3.6 of this Schedule 1.

3. Use of financial derivative instruments

3.1 A Sub-Fund may acquire financial derivative instruments for hedging purposes. For the purposes of this sub-paragraph 3.1, financial derivative instruments are generally considered as being acquired for hedging purposes if they meet all the following criteria:

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

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

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

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

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

3.2 A Sub-Fund may also acquire financial derivative instruments for non-hedging purposes ("**investment purposes**") subject to the limit that such Sub-Fund's net exposure relating to these financial derivative instruments ("**net derivative exposure**") does not exceed 50% of its latest available Net Asset Value provided that such limit may be exceeded in such circumstances as permitted under the UT Code, handbook, code and/or guideline issued by the SFC from time to time or permitted by the SFC from time to time. For the avoidance of doubt, financial derivative instruments acquired for hedging purposes under sub-paragraph 3.1 of this Schedule 1 will not be counted towards the 50% limit referred to in this sub-paragraph 3.2 so long as there is no residual derivative exposure arising from such hedging arrangement. Net derivative exposure shall be calculated in accordance with the UT Code and the requirements and guidance issued by the SFC which may be updated from time to time.

3.3 Subject to sub-paragraphs 3.2 and 3.4 of this Schedule 1, a Sub-Fund may invest in financial derivative instruments provided that the exposure to the underlying assets of the financial derivative instruments, together with the other investments of the Sub-Fund, may not in aggregate exceed the corresponding investment restrictions or limitations applicable to such underlying assets and investments as set out in sub-paragraphs 1(a), (b), (c), (f), (g)(i) and (ii), proviso (A) to (C) and (cc) to sub-paragraph 1(g) and sub-paragraph 2(b) of this Schedule 1.

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

(a) the underlying assets consist solely of shares in companies, debt securities, money market instruments, units/shares of collective investment schemes, deposits with substantial financial institutions, Government and other public securities, highly-liquid physical commodities (including gold, silver, platinum and crude oil), financial indices, interest rates, foreign exchange rates, currencies, or other asset classes acceptable to the SFC, in which the Sub-Fund may invest according to its investment objectives and policies;

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

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

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

3.5 A Sub-Fund should at all times be capable of meeting all its payment and delivery obligations incurred under transactions in financial derivative instruments (whether for hedging or for investment purposes). The Manager shall, as part of its risk management process, monitor to ensure that the transactions in financial derivative instruments in respect of a Sub-Fund are adequately covered on an ongoing basis. For the purposes of this sub-paragraph 3.5, assets that are used to cover the Sub-Fund's payment and delivery obligations incurred under transactions in financial derivative instruments shall be free from any liens and encumbrances, exclude any cash or near cash for the purpose of meeting a call on any sum unpaid on a security, and cannot be applied for any other purposes.

3.6 Subject to sub-paragraph 3.5 of this Schedule 1, a transaction in financial derivative instruments which gives rise to a future commitment or contingent commitment of a Sub-Fund shall be covered as follows:

(a) in the case of financial derivative instruments transactions which will, or may at the Sub-Fund's discretion, be cash settled, the Sub-Fund shall at all times hold sufficient assets that can be liquidated within a short timeframe to meet the payment obligation; and

(b) in the case of financial derivative instruments transactions which will, or may at the counterparty's discretion, require physical delivery of the underlying assets, the Sub-Fund shall hold the underlying assets in sufficient quantity at all times to meet the delivery obligation. If the Manager considers the underlying assets to be liquid and tradable, the Sub-Fund may hold other alternative assets in sufficient quantity as cover, provided that such assets may be readily converted into the underlying assets at any time to meet the delivery obligation provided further that the Sub-Fund shall apply safeguard measures such as to apply haircut where appropriate to ensure that such alternative assets held are sufficient to meet its future obligations.

3.7 The requirements under sub-paragraphs 3.1 to 3.6 of this Schedule 1 shall apply to embedded financial derivative. For the purposes of this Prospectus, an "embedded financial derivative" is a financial derivative instrument that is embedded in another security.

4. Securities financing transactions

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

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

4.3 All the revenues arising from securities financing transactions, net of direct and indirect expenses as reasonable and normal compensation for the services rendered in the context of the securities financing transactions shall be returned to the Sub-Fund.

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

5. Collateral

In order to limit the exposure to each counterparty as set out in sub-paragraphs 3.4(c) and 4.2 of this Schedule 1, a Sub-Fund may receive collateral from such counterparty, provided that the collateral complies with the requirements set out below:

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

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

(c) Credit quality – the collateral is of high credit quality provided that, in the event the credit quality of the collateral or the issuer of the asset being used as collateral has deteriorated to such a degree that it would undermine the effectiveness of the collateral, such collateral shall be replaced immediately;

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

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

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

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

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

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

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

 (i) cash collateral received may only be reinvested in short-term deposits, high quality money market instruments and money market funds authorized under 8.2 of the UT Code or regulated in a manner generally comparable with the requirements of the SFC and acceptable to the SFC, and subject to corresponding investment restrictions or limitations applicable to such investments or exposure as set out in Chapter 7 of the UT Code. For this purpose, money market instruments refer to securities normally dealt in on the money markets, including government bills, certificates of deposit, commercial papers, short-term notes and bankers' acceptances, etc. In assessing whether a money market instrument is of high quality, at a minimum, the credit quality and the liquidity profile of the money market instruments must be taken into account;

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

 (iii) the portfolio of assets from re-investment of cash collateral shall comply with the requirements as set out in 8.2(f) and 8.2(n) of the UT Code;

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

 (v) when the cash collateral received is reinvested into other investment(s), such investment(s) is/are not allowed to be engaged in any securities financing transactions;

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

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

Further details relating to the collateral policy of the Company and/or Sub-Funds are disclosed in Schedule 2.

6. <u>Borrowing and Leverage</u>

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

<u>Cash borrowing</u>

6.1 No borrowing shall be made in respect of a Sub-Fund which would result in the principal amount for the time being of all borrowings made pursuant to the Deed for the account of the relevant Sub-Fund exceeding an amount equal to 10% of the latest available Net Asset Value of the relevant Sub-Fund provided always that back-to-back loans do not count as borrowing for this purpose. For the avoidance of doubt, securities lending transactions and sale and repurchase transactions in compliance with the requirements as set out in sub-paragraphs 4.1 to 4.4 of this Schedule 1 are not borrowings for the purpose of, and are not subject to the limitations in this sub-paragraph 6.1.

<u>Leverage from the use of financial derivative instruments</u>

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

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

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

7. <u>Name of Sub-Fund</u>

7.1 If the name of a Sub-Fund indicates a particular objective, investment strategy, geographic region or market, the Sub-Fund must, under normal market circumstances, invest at least 70% of its Net Asset Value in securities and other investments to reflect the particular objective, investment strategy or geographic region or market which the Sub-Fund represents.

SCHEDULE 2 – COLLATERAL VALUATION AND MANAGEMENT POLICY

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

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

Nature and quality of the collateral

A Sub-Fund may receive cash collateral from a counterparty. Cash collateral may include cash, cash equivalents and money market instruments.

Criteria for selecting counterparties

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

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

The counterparty to an OTC derivative transaction must have a minimum credit rating of A3 by Moody's or A- by Standard and Poor's or equivalent.

Valuation of collateral

The collateral received is valued daily by an independent pricing source from the counterparty on a mark-to market basis.

Enforceability of collateral

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

Haircut policy

A documented haircut policy is in place for detailing the policy in respect of each class of assets received by a Sub-Fund in order to reduce exposure to counterparties. A haircut is a discount applied to the value of a collateral asset to account for the fact that its valuation, or liquidity profile, may deteriorate over time. The haircut policy applied to posted collateral will be negotiated on a counterparty basis and will vary depending on the class of asset received by the relevant Sub-Fund. Haircuts will be based on the market risks of the assets used as collateral in order to cover potential maximum expected decline in collateral values during liquidation before a transaction can be closed out with due consideration on stress period and volatile markets. The haircut policy takes account of the price volatility of the asset used as collateral and other specific characteristics of the collateral, including, among others, asset types, issuer creditworthiness, residual maturity, price sensitivity, optionality, expected liquidity in stressed period, impact from foreign exchange, and correlation between securities accepted as collateral and the securities involved in the transactions.

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

Diversification and correlation of collateral

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

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

Cash collateral reinvestment policy

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

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

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

Safe-keeping of collateral

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

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

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

APPENDIX 1 – BU APAC BOND FUND

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

PRINCIPAL TERMS

DEFINITIONS

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

"Amortisation Period"	the first five Accounting Periods from the date of launch of the Sub-Fund or such other period as the Directors after consultation with the Auditors shall determine
"Base Currency"	USD
"Class"	the available classes of Shares as specified under "**INVESTING IN THE SUB-FUND AND REALISATION OF SHARES**" below
"Class Currency"	the currency of denomination of a Class as indicated in the name of the relevant Class
"Dealing Day"	each Business Day
"Dealing Deadline"	4:00 p.m. (Hong Kong time) on the relevant Dealing Day by which an application for subscription or a realisation request in respect of the Sub-Fund or a Class of Shares must be received or such other time or on such other Business Day or day as the Directors may from time to time determine generally or in relation to any particular jurisdiction in which Shares of the Sub-Fund or the relevant Class may from time to time be sold
"Launch Period"	the Launch Period of each Class will be such date or period as may be determined by the Directors
"Sub-Fund"	BU APAC Bond Fund
"Valuation Day"	each Business Day on which the Net Asset Value of the Sub-Fund and/or the Net Asset Value of a Share or a Class of Share of the Sub-Fund falls to be calculated and in relation to each Dealing Day of any Class or Classes of Shares means either such Dealing Day or such other Business Day or day as the Directors may from time to time determine, either generally or in relation to a particular Class of Shares

SERVICE PROVIDERS FOR THE SUB-FUND

For this Sub-Fund:

The "**Custodian**" is BNP Paribas Securities Services (acting through its Hong Kong branch).

The "**Administrator**" is BNP Paribas Securities Services (acting through its Singapore branch).

INVESTMENT CONSIDERATIONS

Investment Objective	The investment objective of the BU APAC Bond Fund is to seek medium to long term capital growth and regular income by primarily investing in investment grade debt securities in Asia Pacific region or that are denominated in Asia Pacific currencies.
Investment Policies	At least 70% of the Sub-Fund's Net Asset Value will be invested in investment grade debt securities that are (a) denominated in Asia Pacific currencies or (b) issued or guaranteed by Asia Pacific governments or entities incorporated in Asia Pacific, or with significant operations or asset in, or derive a significant portion of revenue or profits from Asia Pacific, and denominated in USD or other currencies. For the remaining assets, the Manager may at its discretion invest outside the Sub-Fund's principal geographical areas, market sectors, industries or asset classes. * Debt securities may be issued by government, regional governments, municipal governments, government agencies, quasi-government organisations, financial institutions, investment trusts and property trusts, multi-national organisations and other corporations. Debt securities also include asset-backed securities and mortgage-backed securities (in aggregate of not more than 20% of the Sub-Fund's Net Asset Value), urban investment bonds (城投債) (less than 10% of the Sub-Fund's Net Asset Value), as well as money market funds and fixed income funds (in aggregate of less than 30% of the Sub-Fund's Net Asset Value and in compliance with 7.11 to 7.11D of the UT Code)) for purposes consistent with the investment objective of the Sub-Fund.

"Investment grade" refers to: rating of Baa3 or above by Moody's Investor Services, Inc. or BBB- or above by Standard & Poor's Corporation or equivalent rating by other recognised rating agencies) or (for China onshore bonds) rating of BBB- or above by a China credit rating agency. Before investing in a debt security, the Manager will consider the credit rating of the debt security itself, then the credit rating of the issuer or guarantor if the debt security is not rated. If neither the debt security nor issuer nor guarantor is rated, the debt security will be classified as non-rated.

No more than 10% of the Net Asset Value may be invested in securities issued by or guaranteed by any single sovereign issuer (including its government, a public or local authority of that country) with a credit rating below investment grade. For the avoidance of doubt, such securities would not include "quasi-government" securities or securities issued or guaranteed by issuers which are separate legal entities having their own balance sheets and assets, while at the same time being government-owned or related entities.

Debt securities in which the Sub-Fund will invest will not be subject to any duration requirement. Also, there is no explicit restriction on currency exposure. However, although the Sub-Fund may invest substantially in debt securities related to China, aggregate exposure to investments denominated in RMB (including China onshore bonds, urban investment bonds (城投債) and dim sum bonds) will be less than 30% of the Net Asset Value.

The Sub-Fund may invest less than 30% of its Net Asset Value in debt securities with loss absorption features, which may include contingent convertible debt securities (of less than 10% of the Sub-Fund's Net Asset Value), senior non-preferred debt and subordinated debt issued by financial institutions. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s). The Sub-Fund may invest less than 10% of its Net Asset Value in structured deposits or products.

In normal market conditions, the Sub-Fund may hold less than 30% of its Net Asset Value in cash or cash equivalents. Under exceptional circumstances (e.g. market crash or major crisis), this percentage may be temporarily increased to 100% for cash flow management.

Investment and Borrowing Restrictions

The Sub-Fund is subject to the investment and borrowing restrictions as set out in the Prospectus under the section "**INVESTMENT CONSIDERATIONS - Investment and Borrowing Restrictions**".

Use of Derivatives

The Sub-Fund may acquire financial derivative instruments for hedging and investment purposes.

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

Securities Financing Transactions

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

SPECIFIC RISK FACTORS

Investors should review and consider all risks mentioned in the "**RISK FACTORS**" section in the Prospectus. Among those risk factors, the following risk factors are of particular relevance to the Sub-Fund:

- Risks relating to debt securities
- Credit rating agency risk (for Mainland China onshore debt securities)
- Risks of investing in convertible bonds
- Risks associated with debt instruments with loss-absorption features
- "Dim Sum" bond (i.e. bonds issued outside of Mainland China but denominated in RMB) market risks
- Risks associated with China Interbank Bond Market (CIBM)
- Risks of investing in urban investment bonds
- Risks of investing in other funds
- Emerging markets risks
- China market risk
- Renminbi currency and conversion risks
- Concentration risk
- Currency risk
- Foreign exchange risk
- Derivative and structured product risk
- Hedging risk
- Currency hedging risk
- Distributions risk and effect of distribution out of capital

INVESTING IN THE SUB-FUND AND REALISATION OF SHARES

Classes of Shares

The following Classes of Shares are offered currently:

Class of Shares			
Class A	**Class Currency**	**Class A (Accumulating)**	**Class A (Distributing)**
	USD	USD (Accumulating)	USD (Distributing)
	HKD	HKD (Accumulating)	HKD (Distributing)
	AUD	AUD (Accumulating)	AUD (Distributing)
	AUD (Hedged)	AUD (Hedged) (Accumulating)	AUD (Hedged) (Distributing)
	CAD	CAD (Accumulating)	CAD (Distributing)
	CAD (Hedged)	CAD (Hedged) (Accumulating)	CAD (Hedged) (Distributing)
	EUR	EUR (Accumulating)	EUR (Distributing)
	EUR (Hedged)	EUR (Hedged) (Accumulating)	EUR (Hedged) (Distributing)
	GBP	GBP (Accumulating)	GBP (Distributing)
	GBP (Hedged)	GBP (Hedged) (Accumulating)	GBP (Hedged) (Distributing)
	JPY	JPY (Accumulating)	JPY (Distributing)
	JPY (Hedged)	JPY (Hedged) (Accumulating)	JPY (Hedged) (Distributing)
	NZD	NZD (Accumulating)	NZD (Distributing)
	NZD (Hedged)	NZD (Hedged) (Accumulating)	NZD (Hedged) (Distributing)
	RMB	RMB (Accumulating)	RMB (Distributing)
	RMB (Hedged)	RMB (Hedged) (Accumulating	RMB (Hedged) (Distributing)
Class I	**Class Currency**	**Class I (Accumulating)**	**Class I (Distributing)**
	USD	USD (Accumulating)	USD (Distributing)
	HKD	HKD (Accumulating)	HKD (Distributing)
	EUR (Hedged)	EUR (Hedged) (Accumulating)	EUR (Hedged) (Distributing)
	JPY (Hedged)	JPY (Hedged) (Accumulating)	JPY (Hedged) (Distributing)

Minimum Subscription Level Not applicable

Class	**Class A**	**Class I**
Launch Price	USD 10 or HKD 100,	
(exclusive of preliminary charge, if any)	or such other prices as the Directors may in their discretion determine	
Minimum Initial Subscription Amount	HKD10,000 or USD1,000 (or equivalent in the Class Currency of such Class)	HKD10,000,000 or USD1,000,000 (or equivalent in the Class Currency of such Class)
Minimum Subsequent Subscription Amount	HKD10,000 or USD1,000 (or equivalent in the Class Currency of such Class)	HKD10,000,000 or USD1,000,000 (or equivalent in the Class Currency of such Class)
Minimum Realisation Amount	HKD10,000 or USD1,000 (or equivalent in the Class Currency of such Class)	HKD10,000,000 or USD1,000,000 (or equivalent in the Class Currency of such Class)
Minimum Holding Amount	HKD10,000 or USD1,000 (or equivalent in the Class Currency of such Class)	HKD10,000,000 or USD1,000,000 (or equivalent in the Class Currency of such Class)

CONVERSION

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

DISTRIBUTION POLICY

The distribution policy in respect of Distributing Classes of the Sub-Fund is to pay distributions on a monthly basis. However, there is no guarantee that such distributions will be made nor will there be a target level of distribution payment. Distributions (if any) will be paid in the Class Currency.

The Directors have discretion to determine if and to what extent distributions will be paid out of capital of the relevant Class. Please refer to "***Distributions risk and effect of distribution out of capital***" in the section headed "**RISK FACTORS**" in the Prospectus in relation to risks associated with distribution out of capital.

The record date for the Sub-Fund will be the 14th day of each calendar month (or such other day as the Directors may determine and notify to Shareholders). If such day is not a Business Day, the record date will be the immediately preceding Business Day.

It is the current intention that details of any distribution to be made will be announced within 7 Business Days from the relevant record date and payment of such distribution will be made within 10 Business Days from the record date.

FEES AND EXPENSES

Fees payable by investors:

Class	**Class A**		**Class I**	
	Current	**Maximum**	**Current**	**Maximum**
Preliminary Charge# (% of Launch Price or Issue Price / Subscription amount)	Up to 5%	5%	Up to 3%	3%
Realisation Charge#	0.5%	2%	0.5%	2%
(% of Realisation Price / Realisation amount)	The Realisation Charge may be waived subject to the Manager's discretion; Such Charge is retained by the Manager.			
Conversion Charge# (% of the Issue Price of the New Class / Total amount being converted)	Up to 2%	2%	Up to 2%	2%

Investors may be subject to pricing adjustments (including fiscal charges adjustment and swing pricing mechanism) when they subscribe, realise or convert Shares of the Sub-Fund. For details, please refer to "**Adjustment of Prices**" under the section headed "**VALUATION AND SUSPENSION**" in the main part of this Prospectus.

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

Class	Class A		Class I	
	Current	**Maximum**	**Current**	**Maximum**
Management Fee (% Net Asset Value of the relevant Class per annum)	1%	2%	0.5%	2%
Performance Fee	Nil			
Custodian Fee (% Net Asset Value of the Sub-Fund per annum)	0.03%	Not Applicable	0.03%	Not Applicable
	The Custodian is also entitled to transaction charges and safekeeping fees at customary market rates.			
Administration Fee (% Net Asset Value of the Sub-Fund per annum)	Up to 0.035%			
Registrar's Fee (% Net Asset Value of the Sub-Fund per annum)	Up to 0.05%, subject to a minimum of USD 3,000 per annum The Registrar is also entitled to transaction and processing fees incurred by it in the performance of its duties.			
Holders Servicing Fee (% Net Asset Value of the Sub-Fund per annum)	**All Classes**: Currently nil			
Establishment Costs	The costs for the incorporation of the Company and the establishment of the Sub-Fund are approximately HK$620,000 and will be borne by the Sub-Fund. These costs will be amortised up to the Amortisation Period.			
General Expenses	Please refer to the section headed "**General Expenses**" for further details.			

TAXATION

Mainland China Tax Provisions

Based on professional and independent tax advice, the Manager currently does not intend to make provisions for any Mainland China taxes payable by the Sub-Fund on interest from debt securities issued in Mainland China during the tax exemption period up to 6 November 2021 as provided by Caishui Circular No.108. Upon expiry of such period, a provision at a rate of 10% (or as otherwise advised by the Sub-Fund's tax adviser) together with the applicable value-added Tax will be withheld on the interest income from debt securities issued in Mainland China (if the relevant withholding tax is not withheld at source). Based on professional and independent tax advice, no provision will be made on realized capital gain from debt securities issued in Mainland China. Upon the availability of a definitive tax assessment or the issue of announcements by the Mainland Chinese tax authorities, any sums withheld in excess of the tax liability shall be transferred to the Sub-Fund's accounts forming part of the Sub-Fund's assets. However, if the actual applicable tax is higher than that provided for by the Manager so that there is a short fall in the tax provision amount, the Sub-Fund may suffer from a fall in value as the Sub-Fund will ultimately have to bear the additional tax liabilities. Depending on the timing of their subscriptions and/or realisations, investors may be disadvantaged as a result of any shortfall of tax provision and will not have the right to claim any part of the overprovision (as the case may be).

APPENDIX 2 – BU ASIAN BOND FIXED MATURITY FUND 2025

*This Appendix (which forms part of, and should be read together with the rest of, the Prospectus) relates to the BU Asian Bond Fixed Maturity Fund 2025 ("**Sub-Fund**"), a sub-fund of the Company.*

PRINCIPAL TERMS

DEFINITIONS

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

"Amortisation Period"	the period from the date of launch of the Sub-Fund to the Maturity Date or such other period as the Directors after consultation with the Auditors shall determine
"Base Currency"	USD
"Class"	the available classes of Shares as specified under "**INVESTING IN THE SUB-FUND AND REALISATION OF SHARES**" below
"Class Currency"	the currency of denomination of a Class as indicated in the name of the relevant Class
"Dealing Day"	each Business Day
"Dealing Deadline"	4:00 p.m. (Hong Kong time) on the relevant Dealing Day by which an application for subscription or a realisation request in respect of the Sub-Fund or a Class of Shares must be received or such other time or on such other Business Day or day as the Directors may from time to time determine generally or in relation to any particular jurisdiction in which Shares of the Sub-Fund or the relevant Class may from time to time be sold
"Launch Period"	the Launch Period of each Class will be such date or period as may be determined by the Directors
"Maturity Date"	the end of the Sub-Fund's investment period, which is expected to be on or around 25 August 2025
"Sub-Fund"	BU Asian Bond Fixed Maturity Fund 2025
"Valuation Day"	each Business Day on which the Net Asset Value of the Sub-Fund and/or the Net Asset Value of a Share or a Class of Share of the Sub-Fund falls to be calculated and in relation to each Dealing Day of any Class or Classes of Shares means either such Dealing Day or such other Business Day or day as the Directors may from time to time determine, either generally or in relation to a particular Class of Shares

SERVICE PROVIDERS FOR THE SUB-FUND

For this Sub-Fund:

The "**Custodian**" is BNP Paribas Securities Services (acting through its Hong Kong branch).

The "**Administrator**" is BNP Paribas Securities Services (acting through its Singapore branch).

INVESTMENT CONSIDERATIONS

Investment Objective	The investment objective of the BU Asian Bond Fixed Maturity Fund 2025 is, on a best effort basis, to seek regular income from the close of the Launch Period up to the Sub-Fund's Maturity Date and seek to return the capital of the Sub-Fund by investing primarily in Asian fixed income-related securities.
Investment Policies	At least 70% of the Sub-Fund's Net Asset Value will be invested in USD denominated debt securities that are issued or guaranteed by Asian governments or entities incorporated in Asia or have significant operations or assets in, or derive significant portion of revenue or profits from Asia. For the remaining assets, the Manager may at its discretion invest outside the Sub-Fund's principal geographical areas, market sectors, industries or asset classes. The Sub-Fund aims to be fully invested in order to achieve its investment objective and policies, and intends to invest in debt securities that distribute regular coupons and have maturities on or before the Maturity Date of the Sub-Fund.

* Debt securities may be issued or guaranteed by governments, regional governments, municipal governments, government agencies, quasi-government organisations, financial institutions, investment trusts and property trusts, multi-national organisations and other corporations. Debt securities also include asset-backed securities and mortgage-backed securities (in aggregate of not more than 20% of the Sub-Fund's Net Asset Value), as well as money market funds and fixed income funds (in aggregate of less than 30% of the Sub-Fund's Net Asset Value and in compliance with 7.11 to 7.11D of the UT Code) for purposes consistent with the investment objective of the Sub-Fund.

Debt securities in which the Sub-Fund will invest will not be subject to any minimum credit rating requirements. The Sub-Fund will normally invest at least 50% of its Net Asset Value in investment grade debt securities (rated as Baa3, or Prime for short-term Debt Securities below one year, or above by Moody's Investor Services, Inc. or equivalent rating by other recognised rating agencies). The Sub-Fund may also invest in below investment grade or non-rated debt securities that meet the standards as determined by the Manager.

The Sub-Fund may also invest less than 10% of its Net Asset Value in debt securities denominated in RMB and issued in Mainland China ("**Onshore Debt Securities**") through direct investment in the China interbank bond markets via Foreign Direct Access Regime and/or Bond Connect. Onshore Debt Securities may include urban investment bonds (城投債). Onshore Debt Securities in which the Sub-Fund may invest will not be subject to any duration or minimum credit rating requirements. The Sub-Fund may invest in investment grade (rated as BBB- or above by a Mainland China credit rating agency), below investment grade or non-rated Onshore Debt Securities that meet the standards as determined by the Manager.

Although the Sub-Fund may invest substantially in debt securities related to China, the Sub-Fund may invest less than 30% of its Net Asset Value in debt securities denominated in RMB and issued outside of Mainland China (i.e. "Dim Sum" bonds). The Sub-Fund will have less than 30% aggregate exposure to investments denominated in RMB including Onshore Debt Securities and Dim Sum bonds.

No more than 10% of the Net Asset Value may be invested in securities issued by or guaranteed by any single sovereign issuer (including its government, public or local authority) with a credit rating below investment grade. For the avoidance of doubt, such securities would not include "quasi-government" securities or securities issued or guaranteed by issuers which are separate legal entities having their own balance sheets and assets, while at the same time being government-owned or related entities.

Before investing in a debt security, the Manager will consider the credit rating of the debt security itself, then the credit rating of the issuer or guarantor if the debt security is not rated. If neither the debt security nor issuer nor guarantor is rated, it will be classified as non-rated.

The Sub-Fund aims to invest in debt securities that have maturities on or before the Maturity Date of the Sub-Fund. Proceeds received from instruments maturing before the Maturity Date shall be reinvested or held in term deposits, short-term debt instruments, US Treasury bills/notes, money market instruments, and other cash or cash equivalents at the Manager's discretion. Therefore, in the six-month period immediately preceding the Maturity Date, the Sub-Fund may invest more than 30% of its Net Asset Value in term deposits, short-term debt instruments, US Treasury bills/notes and/or money market instruments. Further, in the three-month period immediately preceding the Maturity Date, the Sub-Fund may invest more than 30% (and eventually up to 100%, depending on prevailing market conditions) of its Net Asset Value in cash or cash equivalents solely for the purpose of facilitating a timely realisation of the Sub-Fund's investments at market value, and in order to ensure that Shareholders receive their investment proceeds, as at the Maturity Date.

The Sub-Fund may invest less than 30% of its Net Asset Value in debt instruments with loss-absorption features including senior non-preferred debt and subordinated debt issued by financial institutions. These instruments may be subject to contingent write-down on the occurrence of trigger event(s). The Sub-Fund may invest less than 10% of its Net Asset Value in structured deposits or products.

In normal market conditions, the Sub-Fund may also hold less than 30% of its Net Asset Value in cash or cash equivalents. Under exceptional circumstances (e.g. market crash or major crisis), this percentage may be temporarily increased to up to 100% for cash flow management.

During the investment period of the Sub-Fund, the Manager will actively monitor and manage the risks of the underlying investments. In the event where the credit rating of any underlying instrument deteriorates after purchase, the Manager will, in the best interests of investors and at its discretion, decide to hold or sell such instrument and reinvest the proceeds in other appropriate instrument(s).

Term of the Sub-Fund

It is expected that the Sub-Fund will have an investment period of up to approximately 4.2 calendar years. The Sub-Fund will be terminated automatically at the end of the Maturity Date, and Shareholders will be given one month's prior written notice of such termination. All Shares of the Sub-Fund will be compulsorily redeemed at the Maturity Date and proceeds will be distributed to Shareholders (who hold Shares of the Sub-Fund as at the Maturity Date) according to the then Net Asset Value of the Sub-Fund. Any costs associated with such termination will be borne by the Sub-Fund. Costs associated with such termination are estimated to be approximately HK$100,000 and shall be amortised over the period from the close of Launch Period up to the Maturity Date.

Although Shareholders may realise their Shares at any time before the Sub-Fund's Maturity Date in accordance with the procedures defined in the main part of this Prospectus, they may be subject to a downward pricing adjustment when they realise their Shares of the Sub-Fund. Shareholders should note the associated risks such as "***Limited duration risk***" and "***Pricing adjustments risk***" for realisations before the Sub-Fund's maturity. Please refer to the sections headed "**VALUATION AND SUSPENSION – Adjustment of Prices**" in the Prospectus and "**SPECIFIC RISK FACTORS**" in this Appendix for details.

Investment and Borrowing Restrictions

The Sub-Fund is subject to the investment and borrowing restrictions as set out in the Prospectus under the section "**INVESTMENT CONSIDERATIONS - Investment and Borrowing Restrictions**".

Use of Derivatives

The Sub-Fund may acquire financial derivative instruments for hedging and investment purposes.

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

Securities Financing Transactions

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

SPECIFIC RISK FACTORS

Investors should review and consider all risks mentioned in the "**RISK FACTORS**" section in the Prospectus. Among those risk factors, the following risk factors are of particular relevance to the Sub-Fund:

- Risks relating to debt securities
- Credit rating agency risk (for Mainland China onshore debt securities)
- Risks of investing in convertible bonds
- Risks associated with debt instruments with loss-absorption features
- "Dim Sum" bond (i.e. bonds issued outside of Mainland China but denominated in RMB) market risks
- Risks associated with China Interbank Bond Market (CIBM)
- Risks of investing in urban investment bonds
- Risks of investing in other funds
- Emerging markets risks
- China market risks
- Renminbi currency and conversion risks
- Concentration risk / Asian market risk
- Currency risk
- Foreign exchange risk
- Derivative and structured product risk
- Hedging risk
- Currency hedging risk
- Pricing adjustments risk
- Distributions risk and effect of distribution out of capital

Investors should also note the below additional risks pertaining to the fixed time horizon and fixed minimum distribution amount of the Sub-Fund:

Limited duration risk

The duration of the Sub-Fund is limited (i.e. up to the Maturity Date). Neither the income nor the capital of the Sub-Fund is guaranteed at or before maturity. Realisation of Shares prior to the Maturity Date will be subject to the value of the portfolio of instruments held by the Sub-Fund. Therefore, realisation proceeds may be lower or higher than the investors' initial investments and there is no guarantee that the investor will receive the full amount of their original investment. Realisations by investors prior to the Maturity Date, if substantial, may trigger early termination of the Sub-Fund (see also "***Risk of termination***" and "***Effect of substantial realisations***" in the "**RISK FACTORS**" section in the Prospectus). There are risks that the Sub-Fund may not make any distribution and investors may not recoup the original amount invested in the Sub-Fund during the investment period as well as at the Maturity Date.

Deterioration in the liquidity of the Sub-Fund's underlying investments may also affect the Sub-Fund's ability to pay out realisation or termination proceeds to investors.

Where abnormal market circumstances and movements, caused by events which may be unprecedented and beyond the control of the Manager happen on or before the Maturity Date, the value of the Sub-Fund may be adversely affected, at which point the Sub-Fund may be obliged to liquidate its entire portfolio holdings regardless of the market conditions at that time.

Reinvestment risk

The Sub-Fund's investments may mature prior to the Maturity Date (or investments may be sold prior to maturity if the Manager believes it will suffer a deterioration in credit quality over time) in which case any return of principal will need to be re-invested in replacement shorter-dated securities or deposited as cash. Shorter-dated securities or cash may not offer as high a return as the securities they replace.

The closer the Sub-Fund is to the Maturity Date, the greater the investment in replacement shorter-dated securities (with progressively shorter maturities) and cash.

In the three-month period immediately preceding the Maturity Date, the Sub-Fund may hold a significant amount of cash or cash equivalents (and eventually up to 100% in cash).

Limited subscription risk

With regard to the Sub-Fund's Launch Period, the Directors may at their discretion not to issue any Shares in the event that (i) the Minimum Subscription Level of USD 50 million (or such minimum amount as may be determined by the Directors at their sole discretion) is not achieved during the Launch Period; or (ii) the Directors, in their sole discretion is of the opinion that it is not in the best interests of investors or not commercially viable to proceed with such launch. In such case, investors will be informed and any subscription monies shall be promptly returned to them in full (without any interest) less any applicable bank charges, after the close of the Launch Period.

Investors should also note that, after the end of the Launch Period, the Directors may at their discretion, and without any prior notice, close the Sub-Fund to subsequent subscriptions. No subsequent subscription to the Sub-Fund will be accepted during such closure. However, the Directors retain the discretion to subsequently re-open the Sub-Fund to any subsequent subscription(s), without any prior notice to existing Shareholders. For the avoidance of doubt, the Directors will not extend the investment period of the Sub-Fund even if the Sub-Fund is re-opened to subsequent subscriptions in the circumstances above.

Risks associated with fixed minimum distributions

Investments in Classes of Shares with fixed minimum distributions (i.e. Distributing Classes denominated in USD and HKD) of the Sub-Fund are not an alternative to a savings account or fixed-interest paying investment. The minimum amount of distributions paid by such Share Classes is unrelated to expected or past income or returns of these Share Classes or the Sub-Fund. The distribution can thus be higher or lower than the income and return that were effectively realised. Such Share Classes will continue to distribute in periods that the Sub-Fund has negative returns or is making losses, which further reduces the Net Asset Value of the Sub-Fund. In extreme circumstances, investors may not be able to get back the original investment amount.

In addition, the minimum distribution amounts for these Share Classes will be fixed at the discretion of the Directors in terms of the relevant Class Currency and will not take into account the fluctuations in the exchange rate between the Base Currency of the Sub-Fund and the relevant Class Currency (if applicable) subsequent to the determination of the fixed minimum amount of distributions in terms of the relevant Class Currency.

Money market investments risk

Insofar as the Sub-Fund invests in term deposits, short-term debt instruments, US Treasury bills/notes and/or money market instruments and particularly within six months before the Maturity Date (depending on prevailing market conditions), investors should note that such investments are neither insured nor guaranteed by any government, government agencies or government-sponsored agencies or any bank guarantee fund. The Sub-Fund does not guarantee a stable net asset value in such circumstances. The performance of the Sub-Fund may be affected by changes in money market rates, economic and market conditions and in legal, regulatory and tax requirements. In a low interest rate environment or during adverse market conditions, any existing investments in money market instruments by the Sub-Fund may effectively result in negative yields, which may adversely impact the net asset value of the Sub-Fund. The Sub-Fund is not subject to the supervision of the Hong Kong Monetary Authority. Moreover, the holding of Shares in the Sub-Fund is not the same as placing funds on deposit with a bank or deposit-taking company. There is no obligation for the Manager to redeem Shares in the Sub-Fund at their issue price.

INVESTING IN THE SUB-FUND AND REALISATION OF SHARES

Classes of Shares

The following Classes of Shares are offered currently:

Class of Shares			
Class A1, A2, A3	**Class Currency**	**Class A1, A2, A3 (Distributing)**	
	USD	USD (Distributing)	
	HKD	HKD (Distributing)	
	RMB (Hedged)	RMB (Hedged) (Distributing)	
Class I	**Class Currency**	**Class I (Accumulating)**	**Class I (Distributing)**
	USD	USD (Accumulating)	USD (Distributing)
	HKD	HKD (Accumulating)	HKD (Distributing)

Minimum Subscription Level USD 50 million

Class	**Class A1, A2, A3**	**Class I**
Launch Price (exclusive of preliminary charge, if any)	USD Shares: US$10.00 HKD Shares: HK$100.00 RMB (Hedged) Shares: RMB100.00	Such other prices as the Directors may in their discretion determine
Minimum Initial Subscription Amount	HKD100,000 or USD10,000 (or equivalent in the Class Currency of such Class)	HKD10,000,000 or USD1,000,000 (or equivalent in the Class Currency of such Class)
Minimum Subsequent Subscription Amount (only applicable where the Sub-Fund is open (or has been re-opened) to subsequent subscriptions after the close of the Launch Period) ^	HKD100,000 or USD10,000 (or equivalent in the Class Currency of such Class)	HKD5,000,000 or USD500,000 (or equivalent in the Class Currency of such Class)
Minimum Realisation Amount	HKD100,000 or USD10,000 (or equivalent in the Class Currency of such Class)	HKD5,000,000 or USD500,000 (or equivalent in the Class Currency of such Class)
Minimum Holding Amount	HKD100,000 or USD10,000 (or equivalent in the Class Currency of such Class)	HKD10,000,000 or USD1,000,000 (or equivalent in the Class Currency of such Class)

^ The Directors may at their discretion, and without any prior notice, close the Sub-Fund to subsequent subscriptions after the Launch Period. At any time following any closure of the Sub-Fund after the Launch Period, the Directors may also determine to re-open the Sub-Fund to subsequent subscriptions, without any prior notice to existing Shareholders. Notwithstanding the above, Shareholders may continue to realise their Shares at any time, including after the Sub-Fund has been closed to subsequent subscriptions, in accordance with the procedures defined in the Prospectus. **For the avoidance of doubt, the Directors will not extend the investment period of the Sub-Fund even if the Sub-Fund is re-opened to subsequent subscriptions in the circumstances above.**

CONVERSION

Conversion of Shares of a Class into Shares of another Class of the Sub-Fund or into Shares of another Sub-Fund (or vice versa) are not permitted.

DISTRIBUTION POLICY

The distribution policy in respect of Distributing Classes of the Sub-Fund is to pay distributions on a monthly basis. The Sub-Fund will not pay any distributions for the first two calendar months after the Sub-Fund's inception.

In particular for Distributing Classes denominated in USD and HKD, a minimum distribution amount per Share per month will be fixed at the discretion of the Directors and disclosed in the table below. The monthly minimum amounts applied to such Classes will be reviewed at least on an annual basis and re-set if appropriate based on the existing market conditions at such time at the discretion of the Directors. In extreme market conditions, this may occur on a more regular basis at the discretion of the Directors. Distributions (if any) will be paid in the Class Currency.

Class of Shares	Minimum Distribution Amount per month
Class A1 USD (Distributing)	USD 0.0209 per Share
Class A1 HKD (Distributing)	HKD 0.209 per Share
Class A2 USD (Distributing)	USD 0.0209 per Share
Class A2 HKD (Distributing)	HKD 0.209 per Share
Class A3 USD (Distributing)	USD 0.0209 per Share
Class A3 HKD (Distributing)	HKD 0.209 per Share
Class I USD (Distributing)	USD 0.0209 per Share
Class I HKD (Distributing)	HKD 0.209 per Share

Note: The minimum distribution amounts stated above are accurate as at the date of publication of this Appendix. If there is a change to any minimum distribution amounts, information will be made available on the Manager's website www.bea-union-investment.com at least one month in advance. This website has not been reviewed or authorised by the SFC and may contain information of funds not authorised by the SFC. Please also see "***Risks associated with fixed minimum distributions***" in the section headed "**SPECIFIC RISK FACTORS**" above.

The Directors also have the discretion to determine if and to what extent distributions will be paid out of capital of the relevant Class. Please refer to "***Distributions risk and effect of distribution out of capital***" in the section headed "**RISK FACTORS**" in the Prospectus in relation to risks associated with distribution out of capital.

The record date for the Sub-Fund will be the 14th day of each calendar month (or such other day as the Directors may determine and notify to Shareholders). If such day is not a Business Day, the record date will be the immediately preceding Business Day.

It is the current intention that details of any distribution to be made will be announced within 7 Business Days from the relevant record date and payment of such distribution will be made within 10 Business Days from the record date.

FEES AND EXPENSES

Fees payable by investors:

Class	**Class A1, A2, A3**		**Class I**	
	Current	**Maximum**	**Current**	**Maximum**
Preliminary Charge# (% of Launch Price or Issue Price / Subscription amount)	Up to 3%	3%	Up to 3%	3%
Realisation Charge# (% of Realisation Price / Realisation amount)	Nil	2%	Nil	2%
	Such Charge (if any) is retained by the Manager.			
Conversion Charge (% of the Issue Price of the New Class / Total amount being converted)	**All Classes:** Not applicable			

Investors may be subject to pricing adjustments (including fiscal charges adjustment and swing pricing mechanism) when they subscribe or realise Shares of the Sub-Fund. As the Sub-Fund is only open for subsequent subscription during the re-opened period (after the Sub-Fund's inception), in practice any upward adjustment to the Sub-Fund's NAV may only take place during such period, but not during any other period. Notwithstanding the above, Shareholders may continue to realise their Shares at any time in accordance with the procedures defined in the Prospectus, consequently the NAV may be adjusted downward at any time after the Sub-Fund's inception (including the re-opened period) and before the Sub-Fund's maturity. For details, please refer to "**Adjustment of Prices**" under the section headed "**VALUATION AND SUSPENSION**" in the main part of this Prospectus.

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

Class	Class A1, A2, A3		Class I	
	Current	**Maximum**	**Current**	**Maximum**
Management Fee (% Net Asset Value of the relevant Class per annum)	0.7%	2%	0.4%	2%
Performance Fee	Nil			
Custodian Fee (% Net Asset Value of the Sub-Fund per annum)	0.03%	Not Applicable	0.03%	Not Applicable
	The Custodian is also entitled to transaction charges and safekeeping fees at customary market rates.			
Administration Fee (% Net Asset Value of the Sub-Fund per annum)	Up to 0.035%			
Registrar's Fee (% Net Asset Value of the Sub-Fund per annum)	Up to 0.05%, subject to a minimum of USD 3,000 per annum The Registrar is also entitled to transaction and processing fees incurred by it in the performance of its duties.			
Holders Servicing Fee (% Net Asset Value of the Sub-Fund per annum)	**All Classes**: Currently nil			
Establishment Costs	The costs for the establishment of the Sub-Fund are approximately HK$100,000. The costs will be amortised up to the Amortisation Period (or at the Manager's discretion to expense during the first year following the launch of the Sub-Fund).			
General Expense	Please refer to the section headed "**General Expenses**" for further details.			

TAXATION

Mainland China Tax Provisions

Based on professional and independent tax advice, the Manager currently does not intend to make provisions for any Mainland China taxes payable by the Sub-Fund on interest from debt securities issued in mainland China during the tax exemption period up to 6 November 2021 as provided by Caishui Circular No.108. Upon expiry of such period, a provision at a rate of 10% (or as otherwise advised by the Sub-Fund's tax adviser) together with the applicable value-added Tax will be withheld on the interest income from debt securities issued in Mainland China (if the relevant withholding tax is not withheld at source). Based on professional and independent tax advice, no provision will be made on realized capital gain from debt securities issued in Mainland China. Upon the availability of a definitive tax assessment or the issue of announcements by the Mainland Chinese tax authorities, any sums withheld in excess of the tax liability shall be transferred to the Sub-Fund's accounts forming part of the Sub-Fund's assets. However, if the actual applicable tax is higher than that provided for by the Manager so that there is a short fall in the tax provision amount, the Sub-Fund may suffer from a fall in value as the Sub-Fund will ultimately have to bear the additional tax liabilities. Depending on the timing of their subscriptions and/or realisations, investors may be disadvantaged as a result of any shortfall of tax provision and will not have the right to claim any part of the overprovision (as the case may be).

APPENDIX 3 – BU CHINA CONSUMER POWER FUND

*This Appendix (which forms part of, and should be read together with the rest of, the Prospectus) relates to the BU China Consumer Power Fund ("**Sub-Fund**"), a sub-fund of the Company.*

PRINCIPAL TERMS

DEFINITIONS

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

"Amortisation Period"	the first four accounting periods from the date of launch of the Sub-Fund or such other period as the Directors after consultation with the Auditors shall determine
"Base Currency"	USD
"Class"	the available classes of Shares as specified under "**INVESTING IN THE SUB-FUND AND REALISATION OF SHARES**" below
"Class Currency"	the currency of denomination of a Class as indicated in the name of the relevant Class
"Dealing Day"	each Business Day
"Dealing Deadline"	4:00 p.m. (Hong Kong time) on the relevant Dealing Day by which an application for subscription or a realisation request in respect of the Sub-Fund or a Class of Shares must be received or such other time or on such other Business Day or day as the Directors may from time to time determine generally or in relation to any particular jurisdiction in which Shares of the Sub-Fund or the relevant Class may from time to time be sold
"Launch Period"	the Launch Period of each Class will be such date or period as may be determined by the Directors
"Sub-Fund"	BU China Consumer Power Fund
"Valuation Day"	each Business Day on which the Net Asset Value of the Sub-Fund and/or the Net Asset Value of a Share or a Class of Share of the Sub-Fund falls to be calculated and in relation to each Dealing Day of any Class or Classes of Shares means either such Dealing Day or such other Business Day or day as the Directors may from time to time determine, either generally or in relation to a particular Class of Shares

SERVICE PROVIDERS FOR THE SUB-FUND

For this Sub-Fund:

The "**Custodian**" is BNP Paribas Securities Services (acting through its Hong Kong branch).

The "**Administrator**" is BNP Paribas Securities Services (acting through its Singapore branch).

INVESTMENT CONSIDERATIONS

Investment Objective

The investment objective of the Sub-Fund is to seek long-term capital growth by investing primarily in equity securities issued by or linked to companies which activities relating to or benefit from growth in domestic consumption in China.

Investment Policies

At least 70% of the Sub-Fund's Net Asset Value will be invested in equity securities that are either (a) traded in China (including Hong Kong), or (b) issued by entities incorporated in China or entities which have significant operations in or assets in, or derive significant portion of revenue or profits from China. The equity securities as described above are expected to be benefit from the growth in domestic consumption in China. For the remaining assets, the Manager may at its discretion invest outside the Sub-Fund's principal geographical areas, market sectors, industries or asset classes.

Equity securities that may be invested by the Sub-Fund include but are not limited to equities (e.g. ordinary shares and preferred shares), exchange traded funds ("ETFs") and unlisted equity-biased funds. The Sub-Fund may invest in equity securities of companies of any market capitalisation. The Sub-Fund's investment in ETFs in is expected to be less than 30% of its assets. ETFs will be treated as listed securities for the purpose of the Code. The Sub-Fund may also invest less than 30% of its Net Asset Value in unlisted equity-biased funds (in compliance with 7.11 to 7.11D of the Code) for purposes consistent with the investment objective of the Sub-Fund.

	The Sub-Fund may invest less than 50% of its assets in China A-Shares and/or China B-Shares directly (e.g. via the Stock Connects for China A-Shares (as further described in Annex A of the Prospectus) or through the qualified investor ("QI") status of the Manager) or indirectly (i.e. investing in funds that invest in China A-Shares and/or China B-Shares). In normal market conditions, the Sub-Fund may also hold less than 30% of its Net Asset Value in cash or cash equivalents. Under exceptional circumstances (e.g. market crash or major crisis), this percentage may be temporarily increased to up to 100% for cash flow management.
Investment and Borrowing Restrictions	The Sub-Fund is subject to the investment and borrowing restrictions as set out in the Prospectus under the section "I**NVESTMENT CONSIDERATIONS - Investment and Borrowing Restrictions**".
Use of Derivatives	The Sub-Fund may acquire financial derivative instruments for hedging and investment purposes. The Sub-Fund's net derivative exposure may be up to 50% of the Sub-Fund's latest available Net Asset Value.
Securities Financing Transactions	The Manager currently does not intend to enter into any securities financing transactions in respect of the Sub-Fund.

SPECIFIC RISK FACTORS

Investors should review and consider all risks mentioned in the "**RISK FACTORS**" section in the Prospectus. Among those risk factors, the following risk factors are of particular relevance to the Sub-Fund:

- Market risk
- Equity investment risk
- Risk associated with small-capitalisation / mid-capitalisation companies
- Risks associated with the Stock Connects
- QI risk
- Risks associated with ChiNext market and/or the Science and Technology Innovation Board (STAR Board)
- Risks of investing in other funds
- Risks relating to investment in ETFs generally
- Emerging markets risks
- China market risks
- Renminbi currency and conversion risks
- Concentration risk
- Currency risk
- Derivative and structured product risk
- Currency hedging risk
- Distributions risk and effect of distribution out of capital

INVESTING IN THE SUB-FUND AND REALISATION OF SHARES

Classes of Shares

The following Classes of Shares are offered currently:

Class of Shares			
Class A	**Class Currency**	**Class A (Accumulating)**	**Class A (Distributing)**
	USD	USD (Accumulating)	USD (Distributing)
	HKD	HKD (Accumulating)	HKD (Distributing)
	AUD (Hedged)	AUD (Hedged) (Accumulating)	AUD (Hedged) (Distributing)
	RMB	RMB (Accumulating)	RMB (Distributing)
	RMB (Hedged)	RMB (Hedged) (Accumulating)	RMB (Hedged) (Distributing)
Class I	**Class Currency**	**Class I (Accumulating)**	
	USD	USD (Accumulating)	
	HKD	HKD (Accumulating)	
	EUR	EUR (Accumulating)	
	RMB	RMB (Accumulating)	

Minimum Subscription Level	Not applicable	
Class	**Class A**	**Class I**
Launch Price (exclusive of preliminary charge, if any)	USD 10 or HKD 100, or such other prices as the Directors may in their discretion determine	
Minimum Initial Subscription Amount	HKD10,000 or USD2,000 (or equivalent in the Class Currency of such Class)	HKD10,000,000 or USD1,000,000 (or equivalent in the Class Currency of such Class)
Minimum Subsequent Subscription Amount	HKD5,000 or USD1,000 (or equivalent in the Class Currency of such Class)	HKD5,000,000 or USD500,000 (or equivalent in the Class Currency of such Class)
Minimum Realisation Amount	Nil	HKD5,000,000 or USD500,000 (or equivalent in the Class Currency of such Class)
Minimum Holding Amount	HKD10,000 or USD2,000 (or equivalent in the Class Currency of such Class)	HKD10,000,000 or USD1,000,000 (or equivalent in the Class Currency of such Class)

CONVERSION

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

DISTRIBUTION POLICY

The distribution policy in respect of Distributing Classes of the Sub-Fund is to pay distributions on a monthly basis. However, there is no guarantee that such distributions will be made nor will there be a target level of distribution payment. Distributions (if any) will be paid in the Class Currency.

The Directors have the discretion to determine if and to what extent distributions will be paid out of capital of the relevant Class. Please refer to "***Distributions risk and effect of distribution out of capital***" in the section headed "**RISK FACTORS**" in the Prospectus in relation to risks associated with distribution out of capital.

The record date for the Sub-Fund will be the 14th day of each calendar month (or such other day as the Directors may determine and notify to Shareholders). If such day is not a Business Day, the record date will be the immediately preceding Business Day.

It is the current intention that details of any distribution to be made will be announced within 7 Business Days from the relevant record date and payment of such distribution will be made within 10 Business Days from the record date.

FEES AND EXPENSES

<u>Fees payable by investors:</u>

Class	**Class A**		**Class I**	
	Current	**Maximum**	**Current**	**Maximum**
Preliminary Charge[#] (% of Launch Price or Issue Price / Subscription amount)	Up to 5%	5%	Up to 3%	3%
Realisation Charge[#] (% of Realisation Price / Realisation amount)	0.5%, but currently waived	2%	0.5% if such class of Shares is held for less than 1 year, otherwise nil ^	2%
Conversion Charge[#] (% of the Issue Price of the New Class / Total amount being converted)	Up to 2%	2%	Up to 2%	2%

Such Charge (if any) is retained by the Manager.

^ For the purpose of determining the Realisation Charge payable on Class I Shares, Shares subscribed earlier in time will be deemed to be realised prior to Shares subscribed later in time.

Investors may be subject to pricing adjustments (including fiscal charges adjustment and swing pricing mechanism) when they subscribe, realise or convert Shares of the Sub-Fund. For details, please refer to "**Adjustment of Prices**" under the section headed "**VALUATION AND SUSPENSION**" in the main part of this Prospectus.

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

Class	Class A		Class I	
	Current	**Maximum**	**Current**	**Maximum**
Management Fee (% Net Asset Value of the relevant Class per annum)	1.75%	2%	1.2%	2%
Performance Fee	Nil			
Custodian Fee (% Net Asset Value of the Sub-Fund per annum)	0.03%	Not Applicable	0.03%	Not Applicable
	The Custodian is also entitled to transaction charges and safekeeping fees at customary market rates.			
Administration Fee (% Net Asset Value of the Sub-Fund per annum)	Up to 0.035%			
Registrar's Fee (% Net Asset Value of the Sub-Fund per annum)	Up to 0.05%, subject to a minimum of USD 3,000 per annum The Registrar is also entitled to transaction and processing fees incurred by it in the performance of its duties.			
Holders Servicing Fee (% Net Asset Value of the Sub-Fund per annum)	**All Classes**: Currently nil			
Establishment Costs	The costs for the establishment of the Sub-Fund are approximately HK$100,000. The costs will be amortised up to the Amortisation Period.			
General Expense	Please refer to the section headed "**General Expenses**" for further details.			

TAXATION

Mainland China Tax Provisions

For further details relating to Mainland China taxes and the associated risks, please refer to the risk factor headed "***Mainland China tax considerations***" under the "**RISK FACTORS**" section in the main part of the Prospectus.

Based on professional and independent tax advice, the Manager currently intends to make provisions for any Mainland China taxes payable by the Sub-Fund on dividends derived from onshore equity securities (including China A-Shares acquired through the Stock Connects), at a rate of 10% (or as otherwise advised by the Sub-Fund's tax adviser), if the relevant WIT is not withheld at source. Upon the availability of a definitive tax assessment or the issue of announcements or regulations by the competent authorities promulgating definitive tax assessment rules, any sums withheld in excess of the tax liability incurred or which is expected to be incurred by the Sub-Fund shall be released and transferred to the Sub-Fund's accounts forming part of the Sub-Fund's assets.

ANNEX A – SHANGHAI-HONG KONG STOCK CONNECT AND SHENZHEN-HONG KONG STOCK CONNECT (COLLECTIVELY THE "STOCK CONNECTS")

The Shanghai-Hong Kong Stock Connect is a securities trading and clearing links program developed by Hong Kong Exchanges and Clearing Limited ("**HKEX**"), Shanghai Stock Exchange ("**SSE**") and China Securities Depositary and Clearing Corporation Limited ("**ChinaClear**") and the Shenzhen-Hong Kong Stock Connect is a securities trading and clearing links program developed by HKEX, Shenzhen Stock Exchange ("**SZSE**") and ChinaClear. The aim of Stock Connects is to achieve mutual stock market access between Mainland China and Hong Kong.

The Shanghai-Hong Kong Stock Connect comprises a Northbound Shanghai Trading Link and a Southbound Hong Kong Trading Link. Under the Northbound Shanghai Trading Link, Hong Kong and overseas investors (including the relevant Sub-Funds), through their Hong Kong brokers and a securities trading service company established by The Stock Exchange of Hong Kong Limited ("**SEHK**"), may be able to trade eligible China A-Shares listed on the SSE by routing orders to SSE.

The Shenzhen-Hong Kong Stock Connect comprises a Northbound Shenzhen Trading Link and a Southbound Hong Kong Trading Link. Under the Northbound Shenzhen Trading Link, Hong Kong and overseas investors (including the relevant Sub-Funds), through their Hong Kong brokers and a securities trading service company established by SEHK, may be able to trade eligible China A-Shares listed on the SZSE by routing orders to SZSE.

Eligible securities

Under the Shanghai-Hong Kong Stock Connect, the Sub-Funds, through their Hong Kong brokers may trade certain eligible shares listed on the SSE (i.e. "**SSE Securities**"). These include all the constituent stocks from time to time of the SSE 180 Index and SSE 380 Index, and all the SSE listed China A-Shares that are not included as constituent stocks of the relevant indices but which have corresponding H-Shares listed on SEHK, except the following:

- SSE-listed shares which are not traded in RMB; and
- SSE-listed shares which are included in the "risk alert".

Under the Shenzhen-Hong Kong Stock Connect, the Sub-Funds, through their Hong Kong brokers may trade certain eligible shares listed on the SZSE (i.e. "**SZSE Securities**"). These include all constituent stocks of the SZSE Component Index and SZSE Small/Mid Cap Innovation Index which has a market capitalisation of not less than RMB6 billion, and all SZSE-listed A Shares which have corresponding H-Shares listed on SEHK, except the following:

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

At the initial stage of the Shenzhen-Hong Kong Stock Connect, investors eligible to trade shares that are listed on the ChiNext market of SZSE under the Northbound Shenzhen Trading Link will be limited to institutional professional investors as defined in the relevant Hong Kong rules and regulations.

It is expected that the lists of eligible securities for the Stock Connects will be subject to review.

Trading quota

Trading under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect will be subject to a daily quota ("**Daily Quota**"). Northbound Shanghai Trading Link and Northbound Shenzhen Trading Link will be respectively subject to a separate set of Daily Quota.

The Daily Quota limits the maximum net buy value of cross-boundary trades under the Stock Connects each day. The Northbound Daily Quota is currently set at RMB13 billion for each of the Stock Connects.

Settlement and custody

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

The China A-Shares traded through Stock Connects are issued in scripless form, and investors will not hold any physical China A-Shares. Hong Kong and overseas investors who have acquired SSE Securities or SZSE Securities through Northbound trading should maintain the SSE Securities or SZSE Securities with their brokers' or custodians' stock accounts with CCASS (the Central Clearing and Settlement System operated by HKSCC for the clearing securities listed or traded on SEHK).

Corporate actions and shareholders' meetings

Notwithstanding the fact that HKSCC does not claim proprietary interests in the SSE Securities and SZSE Securities held in its omnibus stock accounts in ChinaClear, ChinaClear as the share registrar for SSE and SZSE listed companies will still treat HKSCC as one of the shareholders when it handles corporate actions in respect of such SSE and SZSE securities. The relevant CSRC regulations and ChinaClear rules generally recognise the Hong Kong and overseas investors as the ultimate owners having beneficial ownership in the SSE Securities and SZSE Securities traded via the Stock Connects.

HKSCC will monitor the corporate actions affecting SSE Securities and SZSE Securities and keep the relevant brokers or custodians participating in CCASS ("**CASS participants**") informed of all such corporate actions that require CCASS participants to take steps in order to participate in them.

SSE-/SZSE-listed companies usually announce information regarding their annual general meetings/extraordinary general meetings about two to three weeks before the meeting date. A poll is called on all resolutions for all votes. HKSCC will advise the CCASS participants of all general meeting details such as meeting date, time, venue and the number of resolutions.

Trading fees

Under the Stock Connects, Hong Kong and overseas investors will be subject to the fees and levies imposed by SSE, SZSE, ChinaClear, HKSCC or the relevant Mainland Chinese authority when they trade and settle SSE Securities and SZSE Securities. Further information about the trading fees and levies is available online at the website:

http://www.hkex.com.hk/eng/csm/index.htm

Investor compensation

The relevant Sub-Fund's investments through Northbound trading under Stock Connects will be covered by Hong Kong's Investor Compensation Fund.

Hong Kong's Investor Compensation Fund is established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong.

On the other hand, since the relevant Sub-Fund is carrying out Northbound trading through securities brokers in Hong Kong but not Mainland China brokers, therefore they are not protected by the China Securities Investor Protection Fund (中國投資者保護基金) in the Mainland China.

Further information about the Stock Connects is available online at the website:

http://www.hkex.com.hk/eng/csm/index.htm