

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

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

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

# **ChinaAMC 20+ Year US Treasury Bond ETF**

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

**Stock Code:**

**3146 (HKD counter) 9146 (USD counter) 83146 (RMB counter) – Distributing Listed Class  
9446 (USD counter) – Accumulating Listed Class**

# **PROSPECTUS**

***Manager***

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

***Listing Agent***

**Altus Capital Limited**

**12 June 2024**

The Stock Exchange of Hong Kong Limited, Hong Kong Exchanges and Clearing Limited, Hong Kong Securities Clearing Company Limited and the Hong Kong Securities and Futures Commission (the "SFC") take no responsibility for the contents of this Prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus. The ChinaAMC Global ETF Series and the ChinaAMC 20+ Year US Treasury Bond ETF have been authorised as collective investment schemes by the SFC. Authorisation by the SFC is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or Class of investors.

## IMPORTANT INFORMATION

This Prospectus relates to the offer in Hong Kong of units (the “Units”) in the ChinaAMC 20+ Year US Treasury Bond ETF (the “Sub-Fund”), a sub-fund of ChinaAMC Global ETF Series (the “Trust”), an umbrella unit trust established under Hong Kong law by a trust deed dated 17 September 2015, as amended and restated from time to time (the “Trust Deed”), between China Asset Management (Hong Kong) Limited 華夏基金(香港)有限公司 (the “Manager”) and HSBC Institutional Trust Services (Asia) Limited (the “Trustee”). The Sub-Fund is a physical exchange traded fund investing directly in underlying shares.

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

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

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

The Sub-Fund is a fund falling within Chapter 8.6 of the Code. The Trust and the Sub-Fund are authorised by the SFC in Hong Kong under Section 104 of the Securities and Futures Ordinance. The SFC takes no responsibility for the financial soundness of the Trust, the Sub-Fund or for the correctness of any statements made or opinions expressed in this Prospectus. SFC authorisation is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

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

Application has been made to the Listing Committee of The Stock Exchange of Hong Kong Limited (“SEHK”) for the listing of, and permission to deal in the Listed Class(es) of Units of the Sub-Fund. Subject to compliance with the admission requirements of Hong Kong Securities Clearing Company Limited (“HKSCC”), the Listed Class(es) of Units of the Sub-Fund will be accepted as eligible securities by HKSCC for deposit, clearing and settlement in the Central Clearing and Settlement System with effect from the date of commencement of dealings in the Listed Class(es) of Units of the Sub-Fund on the SEHK or such other date as may be determined by HKSCC.

No action has been taken to permit an offering of Units or the distribution of this Prospectus in any jurisdiction other than Hong Kong and, accordingly, the Prospectus does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer is not authorised or to any person to whom it is unlawful to make such offer or solicitation. Furthermore, distribution of this Prospectus (including the product key facts

statements) shall not be permitted unless it is accompanied by a copy of the latest annual financial report of the Sub-Fund (where existing) and, if later, its most recent interim report.

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

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

### **Questions and Complaints**

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

## DIRECTORY

### *Manager*

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

華夏基金(香港)有限公司

37/F, Bank of China Tower

1 Garden Road

Central, Hong Kong

### *Trustee and Registrar*

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

1 Queen's Road Central  
Hong Kong

### *Service Agent*

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

1/F One & Two Exchange Square  
8 Connaught Place  
Central  
Hong Kong

### *Participating Dealers\*\**

#### **China Merchants Securities (HK) Co., Limited**

48/F., One Exchange Square  
Central, Hong Kong

#### **Citigroup Global Markets Asia Limited**

50/F Champion Tower  
Three Garden Road, Central  
Hong Kong

#### **Haitong International Securities Company Limited**

22/F, Li Po Chun Chambers  
189 Des Voeux Road  
Central, Hong Kong

#### **Huatai Financial Holdings (Hong Kong) Limited**

62/F, The Center  
99 Queen's Road  
Central, Hong Kong

#### **Korea Investment & Securities Asia Limited**

Suites 3716-19, Jardine House  
1 Connaught Place  
Central, Hong Kong

#### **Mirae Asset Securities (HK) Limited**

Unit 8501, 8507-8508, 85/F  
International Commerce Centre  
1 Austin Road West  
Kowloon, Hong Kong

#### **Valuable Capital Limited**

RM 3601-06 & 3617-19, 36/F  
China Merchants Tower  
Shun Tak Centre  
168-200 Connaught Road Central  
Hong Kong

### *HKD Market Makers of Distributing Listed Class of Units\*\**

#### **Vivienne Court Trading Pty. Ltd.**

Room 903, Sun House  
90 Connaught Road  
Hong Kong

### *USD Market Makers of Distributing Listed Class of Units\*\**

**Vivienne Court Trading Pty. Ltd.**  
Room 903, Sun House  
90 Connaught Road  
Hong Kong

*RMB Market Makers of Distributing Listed Class of Units* <sup>##</sup>

**Vivienne Court Trading Pty. Ltd.**  
Room 903, Sun House  
90 Connaught Road  
Hong Kong

*USD Market Makers of Accumulating Listed Class of Units* <sup>##</sup>

**Vivienne Court Trading Pty. Ltd.**  
Room 903, Sun House  
90 Connaught Road  
Hong Kong

*Legal Adviser to the Manager*  
**Simmons & Simmons**  
30/F, One Taikoo Place  
979 King's Road  
Hong Kong

*Auditor*  
**Ernst & Young**  
27/F, One Taikoo Place  
979 King's Road, Quarry Bay  
Hong Kong

*Listing Agent*<sup>#</sup>  
**Altus Capital Limited**  
21 Wing Wo Street  
Central  
Hong Kong

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

*<sup>#</sup>Applicable in respect of Listed Class of Units only.*

## TABLE OF CONTENTS

DEFINITIONS .....	1
SUMMARY .....	7
INVESTMENT OBJECTIVE AND STRATEGY .....	14
DEALING OF LISTED CLASS OF UNITS.....	17
DEALING OF UNLISTED CLASS(ES) OF UNITS.....	20
DETERMINATION OF NET ASSET VALUE .....	23
FEEs AND EXPENSES.....	25
RISK FACTORS .....	29
MANAGEMENT OF THE TRUST.....	44
STATUTORY AND GENERAL INFORMATION .....	50
TAXATION.....	58
SCHEDULE 1 .....	62
INVESTMENT RESTRICTIONS, SECURITIES LENDING AND BORROWING.....	62
SCHEDULE 2 .....	73
INDEX AND DISCLAIMER.....	73
SCHEDULE 3 PROVISIONS RELATING TO THE OFFER, CREATION, REDEMPTION, LISTING AND TRADING OF THE LISTED CLASS(ES) OF UNITS .....	77
SCHEDULE 4 .....	98
PROVISIONS RELATING TO THE OFFER, SUBSCRIPTION, CONVERSION AND REDEMPTION OF THE UNLISTED CLASS(ES) OF UNITS.....	98

## DEFINITIONS

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

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

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

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

“Basket” means, in respect of the Listed Class(es) of Units, a portfolio of shares based on the stock weightings in the Index on the relevant Dealing Day for the purpose of an in-kind creation or an in-kind redemption of Units.

“Business Day” means, unless the Manager and the Trustee otherwise agree, a day on which (a)(i) the SEHK is open for normal trading; and (ii) the relevant securities market on which the Index constituents and/or Futures Contracts are traded is open for normal trading; or (iii) if there are more than 1 such securities and/or futures contracts markets, the securities and/or futures contracts market designated by the Manager is open for normal trading, and (b) the Index is compiled and published, or such other day or days as the Manager and the Trustee may agree from time to time provided that if on any such day, the period during which the relevant securities market is open for normal trading is reduced as a result of a Number 8 Typhoon Signal, Black Rainstorm warning or other similar event, such day shall not be a Business Day unless the Manager and the Trustee otherwise agree.

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

“Cash Component” means, in respect of the Listed Class(es) of Units, the difference (which may be a positive or negative amount) between the aggregate Net Asset Value of the Units comprising an Application Unit Size and the closing Net Asset Value of the basket on the relevant Dealing Day.

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

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

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

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

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

- (a) any person or company beneficially owning, directly or indirectly, 20% or more of the ordinary share capital of that company or able to exercise directly or indirectly, 20% or more of the total votes in that company; or
- (b) any person or company controlled by a person who or which meets one or both of the descriptions given in (a); or
- (c) any member of the group of which that company forms part; or
- (d) any director or officer of that company or of any of its connected persons as defined in (a), (b) or (c).

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

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

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

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

“Entities within the same group” means entities which are included in the same group for the purposes of consolidated financial statements prepared in accordance with internationally recognised accounting standards.

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



“FDIs” means financial derivative instruments.

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

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

“Government and other Public Securities” has the meaning as set out in the Code which at the date of this Prospectus means any investment issued by, or the payment of principal and interest on, which is guaranteed by a government, or any fixed-interest investment issued by its public or local authorities or other multilateral agencies.

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

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

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

“IFRS” means International Financial Reporting Standards.

“Index” means the ICE U.S. Treasury 20+ Year Bond Index.

“Index Provider” means ICE Data Indices, LLC.

“Initial Offer Period” means, such period as may be determined by the Manager as the initial offer period in relation to the Class of Units as set out under the sections headed “Dealing of Listed Class(es) of Units” (in the case of Listed Class(es) of Units) and “Dealing of Unlisted Class(es) of Units” (in the case of Unlisted Class(es) of Units) of this Prospectus respectively, and shall be construed as the context requires.

“Insolvency Event” occurs in relation to a person where (i) an order has been made or an effective resolution passed for the liquidation or bankruptcy of the person; (ii) a receiver or similar officer has been appointed in respect of the person or of any of the person’s assets or the person becomes subject to an administration order; (iii) the person enters into an arrangement with one or more of its creditors or is deemed to be unable to pay its debts; (iv) the person ceases or threatens to cease to carry on its business or substantially the whole of its business or makes or threatens to make any material alteration to the nature of its business; or (v) the Manager in good faith believes that any of the above is likely to occur.

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

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

“Listing Date” means the date on which date the Listed Class(es) of Units are first listed and from which dealings therein are permitted to take place on SEHK, which will be 17 June 2024.

“Market” means in any part of the world:

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

and any over-the-counter transaction conducted in any part of the world and in relation to any Security or Futures Contract shall be deemed to include any bilateral agreement with a responsible firm, corporation or association in any country in any part of the world dealing in the Security or Futures Contract which the Manager may from time to time elect with the approval of the Trustee.

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

“Multi-Counter” means, in respect of the Listed Class(es) of Units, the facility by which the Units of the Sub-Fund traded in HKD, RMB and USD are each assigned separate stock codes on the SEHK and are accepted for deposit, clearance and settlement in CCASS in more than one eligible currency (HKD, RMB or USD) as described in this Prospectus.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“Settlement Day” means, in respect of the Listed Class(es) of Units, the Business Day which is three Business Days immediately after the relevant Dealing Day (or such other Business Day as is

permitted in relation to such Dealing Day (including the Dealing Day itself) pursuant to the Operating Guidelines) or such other number of Business Days after the relevant Dealing Day as determined by the Manager in consultation with the Trustee from time to time and notified to the relevant Participating Dealers.

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

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

“Sub-Fund” means ChinaAMC 20+ Year US Treasury Bond ETF, a sub-fund of the Trust.

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

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

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

“Transaction Fee” means, in respect of the Listed Class(es) of Units, the fee which may be charged for the benefit of the Trustee, the Registrar and/or the Service Agent to each Participating Dealer on each Creation or Redemption Application by the relevant Participating Dealer, the maximum level of which shall be determined by the Trustee with the consent of the Manager and/or the Service Agent from time to time and set out in this Prospectus.

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

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

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

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

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

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

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

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

## SUMMARY

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

### Key Information

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

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

<b>Index</b>	ICE U.S. Treasury 20+ Year Bond Index
<b>Type of Index</b>	Total return, i.e. the performance of the Index includes both coupon and principal return derived from investments in US Treasury securities.
<b>Investment Strategy</b>	Representative sampling strategy. Please refer to the section on “What is the investment strategy?” below.
<b>Base Currency</b>	USD
<b>Financial Year End</b>	31 December
<b>Website</b>	<a href="http://www.chinaamc.com.hk">www.chinaamc.com.hk</a> (this website has not been reviewed by the SFC)

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

<b>Listing Date (SEHK)</b>	17 June 2024
<b>Exchange Listing</b>	SEHK – Main Board
<b>Listed Classes of Units</b>	<ol style="list-style-type: none"> <li>1. Distributing Units (“Distributing Listed Class of Units”)</li> <li>2. Accumulating Units (“Accumulating Listed Class of Units”)</li> </ol>
<b>Short Stock Name</b>	<p>In respect of the Distributing Listed Class of Units:</p> <p>CAM 20 UST – HKD counter            CAM 20 UST-U – USD counter            CAM 20 UST-R – RMB counter</p> <p>In respect of the Accumulating Listed Class of Units:</p> <p>CAM 20 UST A-U – USD counter</p>
<b>Stock Code</b>	<p>In respect of the Distributing Listed Class of Units:</p> <p>3146 – HKD counter            9146 – USD counter</p>

<b>Trading Board Lot Size</b>	83146 – RMB counter  In respect of the Accumulating Listed Class of Units:  9446 – USD counter
	In respect of the Distributing Listed Class of Units:  1 Unit – HKD counter 1 Unit – USD counter 1 Unit – RMB counter  In respect of the Accumulating Listed Class of Units:  1 Unit – USD counter
<b>Trading Currency</b>	In respect of the Distributing Listed Class of Units:  Hong Kong dollars (HKD) – HKD counter U.S. dollars (USD) – USD counter Renminbi (RMB) – RMB counter  In respect of the Accumulating Listed Class of Units:  U.S. dollars (USD) – USD counter
	In respect of the Distributing Listed Class of Units:  The Manager intends to distribute income to Unitholders of Distributing Listed Class of Units quarterly (in February, May, August and November), having regard to the Sub-Fund's net income after fees and costs. <b>All Units (whether HKD, RMB or USD traded Units) will receive distributions in USD only*</b> . Distributions may be paid out of capital or effectively out of capital at the Manager's discretion.  In respect of the Accumulating Listed Class of Units:  No distribution of dividends to the Accumulating Listed Class of Units. Income and capital gain will be reinvested and reflected in the Net Asset Value per Unit of the Accumulating Listed Class of Units.
<b>Creation Policy</b>	Cash (USD) or in-kind
<b>Redemption Policy</b>	Cash (USD) or in-kind
<b>Application Unit Size (only by or through Participating Dealers)</b>	Minimum 5,000 Units (or multiples thereof)
<b>Currency of dividend payment</b>	All Units (whether HKD, RMB or USD traded Units in respect of Listed Class of Units) will receive distributions in USD only.*

<b>Management Fee</b>	Currently 0.20% per year of the Net Asset Value
-----------------------	---

\* In respect of Listed Class of Units, HKD traded Units, RMB traded Units and USD traded Units will all receive distributions in USD only. In the event that the relevant Unitholder has no USD account, the Unitholder may have to bear the fees and charges associated with the conversion of such dividend from HKD or RMB into USD or any other currency. Unitholders are advised to check with their brokers for arrangements concerning distributions and to consider the risk factor “USD Distributions Risk”.

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

<b>Unlisted Class(es) of Units Offered</b>	Class A RMB (Dist), Class A RMB (Acc), Class A USD (Dist), Class A USD (Acc), Class A HKD (Dist), Class A HKD (Acc), Class B RMB (Dist), Class B RMB (Acc), Class B USD (Dist), Class B USD (Acc), Class B HKD (Dist), Class B HKD (Acc), Class A RMB Hedged (Dist), Class A RMB Hedged (Acc), Class B RMB Hedged (Dist), Class B RMB Hedged (Acc)	
<b>Minimum initial investment and minimum holding</b>	Class A RMB (Dist):	RMB 1,000
	Class A RMB (Acc):	RMB 1,000
	Class A RMB Hedged (Dist)	RMB 1,000
	Class A RMB Hedged (Acc)	RMB 1,000
	Class A HKD (Dist):	HKD 1,000
	Class A HKD (Acc):	HKD 1,000
	Class A USD (Dist):	USD 100
	Class A USD (Acc):	USD 100
	Class B RMB (Dist):	RMB 1
	Class B RMB (Acc):	RMB 1
	Class B RMB Hedged (Dist):	RMB 1
	Class B RMB Hedged (Acc):	RMB 1
	Class B HKD (Dist):	HKD 1
	Class B HKD (Acc):	HKD 1
	Class B USD (Dist):	USD 0.1
	Class B USD (Acc):	USD 0.1
<b>Minimum subsequent investment and minimum redemption amount</b>	Class A RMB (Dist):	RMB 1,000
	Class A RMB (Acc):	RMB 1,000

	<p>Class A RMB Hedged (Dist) RMB 1,000</p> <p>Class A RMB Hedged (Acc) RMB 1,000</p> <p>Class A HKD (Dist): HKD 1,000</p> <p>Class A HKD (Acc): HKD 1,000</p> <p>Class A USD (Dist): USD 100</p> <p>Class A USD (Acc): USD 100</p>
	<p>Class B RMB (Dist): RMB 1</p> <p>Class B RMB (Acc): RMB 1</p> <p>Class B RMB Hedged (Dist): RMB 1</p> <p>Class B RMB Hedged (Acc): RMB 1</p> <p>Class B HKD (Dist): HKD 1</p> <p>Class B HKD (Acc): HKD 1</p> <p>Class B USD (Dist): USD 0.1</p> <p>Class B USD (Acc): USD 0.1</p>
<b>Initial Offer Period</b>	9:00 a.m. (Hong Kong time) on 12 June 2024 and ends at 4:00 p.m. (Hong Kong time) on 12 June 2024, or such other date or time as the Manager may determine for a particular Class
<b>Subscription Price during the Initial Offer Period</b>	<p>Class A Units RMB / Class A Units RMB Hedged / Class B Units RMB / Class B RMB Hedged: RMB 100</p> <p>Class A Units HKD / Class B Units HKD: HKD 100</p> <p>Class A Units USD / Class B Units USD: USD 10</p>
<b>Subscription Deadline / Redemption Deadline</b>	5:30 p.m. (Hong Kong time) on the Dealing Day
<b>Distribution Policy</b>	<p><i>Accumulation Unlisted Classes of Units:</i> There will be no dividend distributions. All interest and other income earned on investments will be accumulated and re-invested into the Sub-Fund on behalf of the Unitholders of the relevant accumulation Classes.</p> <p><i>Distribution Unlisted Classes of Units:</i> The Manager</p>



	<p>intends to distribute income to Unitholders quarterly (in February, May, August and November). Dividends may be paid out of capital or effectively out of capital of the relevant distribution Unlisted Class of Units.</p> <p>All Units of the distribution Unlisted Class of Units will receive distributions (if any) in the currency of the relevant Classes.</p>				
<b>Management Fee</b>	<table> <tr> <td>Class A Units RMB / Class A Units RMB Hedged / Class A Units HKD / Class A Units USD:</td> <td>0.20% per annum of the Net Asset Value</td> </tr> <tr> <td>Class B Units RMB / Class B Units RMB Hedged / Class B Units HKD / Class B Units USD:</td> <td>0.99% per annum of the Net Asset Value</td> </tr> </table>	Class A Units RMB / Class A Units RMB Hedged / Class A Units HKD / Class A Units USD:	0.20% per annum of the Net Asset Value	Class B Units RMB / Class B Units RMB Hedged / Class B Units HKD / Class B Units USD:	0.99% per annum of the Net Asset Value
Class A Units RMB / Class A Units RMB Hedged / Class A Units HKD / Class A Units USD:	0.20% per annum of the Net Asset Value				
Class B Units RMB / Class B Units RMB Hedged / Class B Units HKD / Class B Units USD:	0.99% per annum of the Net Asset Value				

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

<b>Investment Objective</b>	Same for both Listed Class(es) of Units and Unlisted Class(es) of Units. Please refer to the "Investment Objective and Strategy" section of this Prospectus.
<b>Investment Strategy</b>	
<b>Valuation Policy</b>	Same for both Listed Class(es) of Units and Unlisted Class(es) of Units. Please refer to the "Determination of Net Asset Value" section of this Prospectus.
<b>Dealing Deadline</b>	Same for both in-cash and in-kind creation and redemption for the Listed Class(es) of Units, and subscription and redemption for the Unlisted Class(es) of Units – 5:30 p.m. (Hong Kong time) on a Dealing Day
<b>Dealing Arrangements</b>	<p>Different in respect of each of Listed Class(es) of Units and Unlisted Class(es) of Units.</p> <p>In respect of the Listed Class(es) of Units:</p> <ul style="list-style-type: none"> <li>- the dealing period in respect of each Dealing Day for a Creation Application or Redemption Application commences at 9:00 a.m. (Hong Kong time) and ends at the Dealing Deadline at 5:30 p.m. (Hong Kong time) (for both cash and in-kind Creation Application and Redemption Application) on each Dealing Day ("Day T"), or such other time as the Manager (with the written approval of Trustee) may determine on any day when the trading hours of the SEHK are reduced;</li> </ul>

	<ul style="list-style-type: none"> <li>- a secondary market investor can buy and sell the Listed Class(es) of Units on the SEHK through his stockbroker at any time the SEHK is open. Investors can buy or sell the Listed Class(es) of Units at market price; and</li> <li>- the Creation Application or Redemption Application for Listed Class(es) of Units received after 5:30 p.m. (Hong Kong) time on each Dealing Day will be processed on the next Dealing Day (i.e. Day T+1) at the Net Asset Value per Unit of Listed Class(es) of Units of Day T+1.</li> </ul> <p>In respect of the Unlisted Class(es) of Units, the Subscription Deadline and Redemption Deadline is 5:30 p.m. (Hong Kong time) on each Dealing Day. Investors can buy or sell the Unlisted Class(es) of Units at Net Asset Value. The subscription application or redemption requests for Unlisted Class(es) of Units submitted after 5:30 p.m. (Hong Kong time) on Day T, i.e. after the Subscription or Redemption Deadline of Day T for such class, will be processed on the next Dealing Day (i.e. Day T+1) at the Net Asset Value per Unit of Unlisted Class of Units of Day T+1.</p> <p>Please refer to Schedule 3 “Provisions relating to the offer, creation, redemption, listing and trading of the Listed Class(es) of Units” and Schedule 4 “Provisions relating to the offer, subscription, conversion and redemption of the Unlisted Class(es) of Units” for information relating to the Listed Class(es) of Units and Unlisted Class(es) of Units respectively.</p>
<b>Dealing Frequency</b>	Same for both Listed Class(es) of Units and Unlisted Class(es) of Units – daily on each Business Day.
<b>Valuation Point</b>	Same for both Listed Class(es) of Units and Unlisted Class(es) of Units – approximately 5:30 a.m. (Hong Kong time) on the following applicable Dealing Day (i.e., Day T+1).
<b>Fee Structure</b>	<p>Different in respect of each of the Listed Class(es) of Units and Unlisted Class(es) of Units.</p> <p>Both classes of Units are subject to Management Fee.</p> <p>An investment in the Listed Class(es) of Units in the secondary market is subject to fees involved in relation to the trading of such Units on the SEHK (such as the Service Agent’s fee, transaction costs, brokerage fee, transaction levy, trading fee</p>

	<p>etc.).</p> <p>An investment in the Unlisted Class(es) of Units may be subject to the payment of subscription fees, redemption fees, switching fees, Subscription Adjustment Allowance and Redemption Adjustment Allowance (if applicable).</p> <p>Please refer to the “Fees and Expenses” section and Schedule 4 of this Prospectus for further information.</p>
<p><b>Investment return / Net Asset Value</b></p>	<p>Different in respect of each of the Listed Class(es) of Units and Unlisted Class(es) of Units due to various factors, including but not limited to the different fee structures applicable to each class of Units, different dealing arrangements (i.e. Listed Class(es) of Units can be bought and sold at market price whereas Unlisted Class(es) of Units are bought and sold at Net Asset Value) and costs (such as Transaction Fee and Duties and Charges in respect of creation and redemption of Listed Class of Units in the primary market and fees payable in respect of trading of Listed Classes of Units in the secondary market), stamp duty. Accordingly, the performance of the different classes of Units will be different.</p> <p>Please refer to the “Risks associated with differences in trading, fee and cost arrangements between Listed Class(es) and Unlisted Class(es) of Units” risk factor of this Prospectus.</p>
<p><b>Termination</b></p>	<p>Due to the nature of the listing of the Listed Class(es) of Units, the termination procedures applicable to the Listed Class(es) of Units and Unlisted Class(es) of Units may differ. Please refer to the sub-section headed “Termination” under the section headed “Statutory and General Information” of this Prospectus for further details.</p>

## INVESTMENT OBJECTIVE AND STRATEGY

### What is the investment objective?

The investment objective of the Sub-Fund is to provide investment results that, before fees and expenses, closely correspond to the performance of the Index. There can be no assurance that the Sub-Fund will achieve its investment objective.

The Index of the Sub-Fund may be changed by prior approval of the SFC and notice to Unitholders.

### What is the investment strategy?

In seeking to achieve the Sub-Fund's investment objective, the Manager will adopt a representative sampling strategy through investing directly or indirectly, in a representative sample of securities that collectively reflects the profile of the Index. In pursuing a representative sampling strategy, the Sub-Fund may or may not hold all of the constituents of the Index ("Index Securities"), and may hold US Treasury securities which are not Index Securities, provided that these securities collectively feature a high correlation with the Index. The Sub-Fund will invest at least 90% and up to 100% of its Net Asset Value in US Treasury securities issued by the US government with remaining maturity of at least 20 years which are Index Securities.

There is no current intention for the Sub-Fund to invest in FDIs, including structured products or instruments, for hedging or non-hedging (i.e. investment) purposes.

The Manager may, on behalf of the Sub-Fund, enter into securities lending transactions, with a maximum level of up to 50% and expected level of up to 20% of the Sub-Fund's Net Asset Value. The Manager will be able to recall the securities lent out at any time. All securities lending transactions will only be carried out in the best interest of the Sub-Fund and as set out in the relevant securities lending agreement. Such transactions may be terminated at any time by the Manager at its absolute discretion. Please refer to the sub-section "Securities Financing Transactions" of Schedule 1 of this Prospectus for the details of the arrangements.

For cash management purpose, and also taking into consideration the cash collateral which may be received in respect of the securities lending transactions, the Sub-Fund may hold not more than 10% of its Net Asset Value in money market instruments (such as certificates of deposit, commercial papers, treasury bills and money market funds managed by a third party, the Manager, or its Connected Persons which are either authorised by the SFC under Chapter 8.2 of the Code, eligible schemes under Chapter 7.11A of the Code or non-eligible schemes) and cash deposits.

As part of the securities lending transactions, the Sub-Fund must receive cash and/or non-cash collateral of at least 100% of the value of the securities lent (interests, dividends and other eventual rights included). The collateral will be marked-to-market on a daily basis and be safekept by the Trustee or an agent appointed by the Trustee. Please refer to the section the paragraph headed "The Trustee" in the section "Management of the Trust" in regard to the extent of the Trustee's responsibility for the safekeeping of the assets of the Trust and the appointment of agents. The valuation of the collateral generally takes place on trading day T. If the value of the collateral falls below 100% of the value of the securities lent on any trading day T, the Manager will call for additional collateral on trading day T, and the borrower will have to deliver additional collateral to make up for the difference in securities value on or before trading day T+2.

For any non-cash collaterals, such as equity securities and fixed income securities, which may be received as collaterals in respect of the securities lending transactions, the Sub-Fund may hold not more than 30% of its NAV in securities which are not constituents of the Index. Non-cash collateral received may not be sold, re-invested or pledged. Any reinvestment of cash collateral received shall be subject to the requirements as set out in the sub-section "Collateral" of Schedule 1 of this Prospectus.

Information as required under the Code will be disclosed in the annual and interim financial reports and on the Manager's website (as the case may be).

To the extent Sub-Fund undertakes securities lending transactions, all revenues (net of direct and indirect expenses as reasonable and normal compensation for the services rendered by the Manager, a securities lending agent and/or other service providers in the context of such transactions to the extent permitted by applicable legal and regulatory requirements) shall be returned to the Sub-Fund. The cost relating to securities lending transactions will be borne by the borrower.

Securities lending transactions nonetheless give rise to certain risks including counterparty risk, collateral risk and operational risk. Please refer to paragraph “Securities lending transactions risk” in the section “Risk Factors” for further details.

Currently, the Sub-Fund will not enter into sale and repurchase transactions, reverse repurchase transactions or other similar over-the-counter transactions, but this may change in light of market circumstances. The Manager will seek the prior approval of the SFC (if required) and provide at least one month’s prior notice to Unitholders before the Manager engages in any such investments.

The investment strategy of the Sub-Fund is subject to the investment and borrowing restrictions and its policy regarding securities financing transactions as set out in Schedule 1.

### **What are the Index’s characteristics?**

The Index tracks the performance of US dollar denominated sovereign debt publicly issued by the US government in its domestic market. The Index is a market capitalisation weighted index based on amounts outstanding reduced by amounts held by the Federal Reserve’s System Open Market Account (“SOMA”).

The Index is a total return index, meaning that the performance of the index includes both coupon and principal return derived from investments in US Treasury securities. It is denominated and quoted in USD.

The Index was launched on 31 December 2015 and had a base date of 31 December 2004 and a base level of 100. As of 3 May 2024, the Index had a total market capitalisation of USD 1.3 trillion and 40 constituents.

Please see Schedule 2 for information regarding the Index and the Index Provider’s disclaimer.

### **Overview of the US Treasury bonds market and US Treasury bonds**

The US Treasury securities market primarily consists of three markets: the Treasury bonds market, the Treasury notes market and the Treasury bills market. These markets are differentiated mainly by the length of maturity of the respective underlying Treasury securities. Treasury bills mature in less than one year, Treasury notes in two to 10 years whereas Treasury bonds in 20 or 30 years.

US Treasury bonds are debt instruments issued by the US Department of Treasury.

As of early May 2024, the outstanding amount of US Treasury bonds is approximately USD2,381 billion, comprising approximately 9% of the US Treasury securities market. As of December 2023, foreign investors account for 25% of the total US Treasury securities investor base. For the year of 2023, the daily average trading volume of US Treasury bonds was USD50 billion.

Treasury bonds have the longest maturity term of 20 or 30 years amongst all US Treasury securities. They are issued at and mature at US\$100 par value and pay interest semi-annually. The interest rate is fixed at auction and does not vary over the life of the Treasury bond. Treasury bonds are auctioned monthly in US\$100 increments, at the original issue for four months per year, and then as reopenings in the other eight months.

**Umbrella fund**

The Trust is an umbrella unit trust created by the Trust Deed made under Hong Kong law between the Manager and the Trustee. The Manager and the Trustee shall create and establish separate and distinct sub-trusts within the Trust, each of which is a sub-fund, and units relating to any sub-fund may be issued in one or more classes.

The Manager and the Trustee reserve the right to establish other sub-funds and/or issue further classes of units relating to any of the sub-funds in the future in accordance with the provisions of the Trust Deed.

## DEALING OF LISTED CLASS OF UNITS

### The Offering Phases of the Listed Class(es) of Units

#### *Initial Offer Period*

The Initial Offer Period commences at 9:00 a.m. (Hong Kong time) on 12 June 2024 and ends at 4:00 p.m. (Hong Kong time) on 12 June 2024, or such other date as the Manager may determine.

The Listing Date is expected to be on 17 June 2024.

The purpose of the Initial Offer Period is to enable Participating Dealers to subscribe for Listed Class of Units either on their own account or for their clients, in accordance with the terms of the Trust Deed and the Operating Guidelines. During this period, Participating Dealers (acting for themselves or for their clients) may apply for Listed Class of Units to be available for trading on the Listing Date by creation. No redemptions are permitted during the Initial Offer Period.

The Issue Price in respect of a Creation Application during the Initial Offer Period is USD100 per Unit.

Upon receipt of a Creation Application from a Participating Dealer (acting for itself or its clients) during the Initial Offer Period, the Manager shall procure the creation of Listed Class of Units for settlement on the Initial Issue Date.

Participating Dealers may have their own application procedures for their respective clients and may set application and payment cut-off times for their respective clients which are earlier than those set out in this Prospectus. Investors are therefore advised to consult with the relevant Participating Dealer on its requirements if they want a Participating Dealer to subscribe for Listed Class of Units on their behalf.

#### *After Listing*

“After Listing” commences on the Listing Date.

Dealings in the Listed Class(es) of Units on the SEHK will commence on the Listing Date, which is expected to be on 17 June 2024.

The current Dealing Deadline After Listing is 5:30 p.m. (Hong Kong time) for cash and in-kind Creation and Redemption Applications on the Dealing Day, or such other time as the Manager (in the written approval of the Trustee) may determine on any day when the trading hours of the SEHK are reduced.

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

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

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

The attention of investors is drawn to the section entitled “The Offering” in Schedule 3 of this Prospectus. The following table summarises all key events and the Manager’s expected timetable (all references to times are to Hong Kong time):

<p>Initial Offer Period commences</p> <ul style="list-style-type: none"> <li>Participating Dealers may apply for creation for themselves or for their clients in a minimum number of 1,000 Listed Class of Units (or such other number of Units as the Manager may determine, approved by the Trustee and notified to the Participating Dealers)</li> </ul>	<ul style="list-style-type: none"> <li>9:00 a.m. (Hong Kong time) on 12 June 2024 or such other date or time as the Manager may determine</li> </ul>
<p>The date that is two Business Days prior to the Listing Date</p> <ul style="list-style-type: none"> <li>Latest time for Creation Applications by Participating Dealers for Listed Class of Units to be available for trading on the Listing Date</li> </ul>	<ul style="list-style-type: none"> <li>4:00 p.m. (Hong Kong time) on 12 June 2024 or such other date or time as the Manager may determine</li> </ul>
<p>After Listing (period commences on the Listing Date)</p> <ul style="list-style-type: none"> <li>All investors may start trading Listed Class of Units on the SEHK through any designated brokers; and</li> <li>Participating Dealers may apply for creation and redemption (for themselves or for their clients) in a minimum number of 1,000 Listed Class of Units (or such other number of Listed Class of Units as the Manager may determine, approved by the Trustee and notified to the Participating Dealers)</li> </ul>	<ul style="list-style-type: none"> <li>Commence at 9:30 a.m. (Hong Kong time) on 17 June 2024</li> <li>In respect of each Dealing Day, the dealing period commences from 9:00 a.m. (Hong Kong time) on the Dealing Day and ends at 5:30 p.m. (Hong Kong time) on the Dealing Day</li> </ul>

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

Listed Class of Units are neither listed nor dealt on any other stock exchange and no application for such listing or permission to deal is being sought as of the date of this Prospectus. Application may be made in the future for a listing of Listed Class of Units on one or more other stock exchanges. Investors’ attention is drawn to the section headed “Exchange Listing and Trading (Secondary Market)” in Schedule 3 of this Prospectus for further information.

#### *Multi-Counter for Distributing Listed Class of Units and single counter for Accumulating Listed Class of units*

The Manager has arranged for the Listed Class(es) of Units of the Sub-Fund to be available for trading on the secondary market on the SEHK under a Multi-Counter arrangement. Listed Class of Units are denominated in USD. The Sub-Fund offers three trading counters on the SEHK for the Distributing Listed Class of Units (i.e. HKD counter, USD counter and RMB counter) and one counter on the SEHK for the Accumulating Listed Class of Units (i.e. USD counter) to investors for secondary trading purposes. Listed Class of Units traded in HKD counter will be settled in HKD, Listed Class of Units traded in USD counter will be settled in USD and Listed Class of Units traded



in RMB counter will be settled in RMB. Apart from settlement in different currencies, the trading prices of the Listed Class(es) of Units in the counters may be different as the different counters are distinct and separate markets.

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

In respect of Distributing Listed Class of Units which has Multi-Counter arrangement, normally, investors can buy and sell Distributing Listed Class of Units traded in the same counter or alternatively buy in one counter and sell in the other counter provided their brokers provide HKD, USD and RMB trading services at the same time and offer inter-counter transfer services to support Multi-Counter trading. Inter-counter buy and sell is permissible even if the trades take place within the same trading day. However, investors should note that the trading price of Listed Class of Units traded in each counter may be different and may not always maintain a close relationship depending on factors such as market demand and supply and liquidity in each counter.

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

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

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

### **Issue Price and Redemption Value of Listed Class of Units**

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

The Redemption Value on a Dealing Day shall be the prevailing Net Asset Value of the Listed Class(es) of Units in USD as at the relevant Valuation Point divided by the total number of Listed Class of Units in issue rounded to the nearest four decimal places (0.00005 or above being rounded up).

The benefit of any rounding adjustments will be retained by the Listed Class(es) of Units.

The Issue Price and the Redemption Value (or the latest Net Asset Value of the Listed Class(es) of Units) will be available on the Manager’s website at [www.chinaamc.com.hk](http://www.chinaamc.com.hk) (the contents of which has not been reviewed by the SFC) or published in such other publications as the Manager decides.

Neither the Issue Price nor the Redemption Value takes into account Transaction Fees, Duties and Charges, or fees payable by the Participating Dealer.

### **Switching**

Investors should note that switching between Distributing Listed Class of Units and Accumulating Class of Units is not available.

## DEALING OF UNLISTED CLASS(ES) OF UNITS

### *Available Classes*

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

- Class A RMB (Dist)
- Class A RMB (Acc)
- Class A RMB Hedged (Dist)
- Class A RMB Hedged (Acc)
- Class A USD (Dist)
- Class A USD (Acc)
- Class A HKD (Dist)
- Class A HKD (Acc)
- Class B RMB (Dist)
- Class B RMB (Acc)
- Class B RMB Hedged (Dist)
- Class B RMB Hedged (Acc)
- Class B USD (Dist)
- Class B USD (Acc)
- Class B HKD (Dist)
- Class B HKD (Acc)

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

### *Initial Offer Period*

The Initial Offer Period of the Unlisted Class(es) of Units will commence at 9:00 a.m. (Hong Kong time) on 12 June 2024 and end at 4:00 p.m. (Hong Kong time) on 12 June 2024 (or such other dates or times as the Manager may determine for a particular Class).

### *Initial Subscription Price*

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

- Class A Units RMB / Class A Units RMB Hedged / Class B Units RMB / Class B Units RMB Hedged: RMB100 per Unit
- Class A Units HKD / Class B Units HKD: HKD100 per Unit
- Class A Units USD / Class B Units USD: USD10 per Unit

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

#### *Dealing procedures*

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

<i>Dealing Day</i>	each Business Day
<i>Subscription Deadline and Redemption Deadline</i>	5:30 p.m. (Hong Kong time) on the relevant Dealing Day
<i>Deadline for cleared funds</i>	5:30 p.m. (Hong Kong time) on the relevant Dealing Day
<i>Valuation Point</i>	5:30 a.m. (Hong Kong time) on the following applicable Dealing Day (i.e., Day T +1)

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

#### *Subscription Price and Redemption Price*

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

#### *Payment of subscription monies*

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

#### *Payment of redemption proceeds*

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

### *Investment minima*

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

	<b><i>Minimum initial investment and minimum holding</i></b>	<b><i>Minimum subsequent investment and minimum redemption amount</i></b>
Class A RMB (Dist)		RMB 1,000
Class A RMB (Acc)		RMB 1,000
Class A RMB Hedged (Dist)		RMB 1,000
Class A RMB Hedged (Acc)		RMB 1,000
Class A HKD (Dist)		HKD 1,000
Class A HKD (Acc)		HKD 1,000
Class A USD (Dist)		USD 100
Class A USD (Acc)		USD 100
Class B RMB (Dist)		RMB 1
Class B RMB (Acc)		RMB 1
Class B RMB Hedged (Dist)		RMB 1
Class B RMB Hedged (Acc)		RMB 1
Class B HKD (Dist)		HKD 1
Class B HKD (Acc)		HKD 1
Class B USD (Dist)		USD 0.1
Class B USD (Acc)		USD 0.1

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

### *Switching*

Investors should note that switching between Unlisted Class(es) of Units and Listed Class of Units is not available. Switching between different classes of Unlisted Class(es) of Units of the Sub-Fund may be permitted by the Manager. Please refer to the section “Switching of Unlisted Class(es) of Units” in Schedule 4 of this Prospectus

## DETERMINATION OF NET ASSET VALUE

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

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

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

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

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

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

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

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

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

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

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

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

## FEES AND EXPENSES

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

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

**(a) Fees and expenses payable by Participating Dealers on creations and redemptions (as applicable) of Listed Class of Units** **Amount**

Transaction Fee <sup>1</sup>	USD270 per Application  Plus Service Agent's Fee
Application cancellation fee	USD1,300 <sup>2</sup> per Application
Extension Fee	USD1,300 per Application
Stamp duty	Nil
All other Duties and Charges incurred by the Trustee or the Manager in connection with the creation or redemption	As applicable

**(b) Fees and expenses payable by investors of Listed Class of Units** **Amount**

<b><i>(i) Fees payable by clients of the Participating Dealers in respect of creations and redemptions (as applicable) via the Participating Dealer</i></b>	
Fees and charges imposed by the Participating Dealer <sup>3</sup>	Such amounts as determined by the relevant Participating Dealer
<b><i>(ii) Fees payable by all investors in respect of dealings in the Listed Class(es) of Units on SEHK</i></b>	
Brokerage fee	Market rates
Transaction levy	0.0027% <sup>4</sup>

<sup>1</sup> The Transaction Fee comprises two components: (a) USD270 per Application payable for the benefit of the Trustee and/or Registrar; and (b) a Service Agent's Fee of HKD1,000 payable by a Participating Dealer to the Service Agent for each book-entry deposit or book-entry withdrawal transaction plus a monthly reconciliation fee payable by the Manager. A Participating Dealer may pass on to the relevant investor such Transaction Fee.

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

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

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

AFRC transaction levy	0.00015% <sup>5</sup>
SEHK trading fee	0.00565% <sup>6</sup>
Stamp duty	Nil

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

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

#### *Subscription fee*

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

The current subscription fee on the issue of Class A Units and Class B Units is up to a maximum of 3% of the subscription monies.

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

#### *Redemption fee*

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

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

#### *Switching fee*

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

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

The current switching fee on the switching of the Unlisted Class(es) of Units is up to a maximum of 1% of the redemption proceeds.

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

#### *Management fee*

The Sub-Fund employs a single management fee structure. It pays all of its fees, costs and expenses (and its due proportion of any costs and expenses of the Trust allocated to it) as a single flat fee (the "Management Fee"). Fees and expenses taken into account in determining the Management Fee include, but are not limited to, the Manager's fee, Trustee's fee, Administrator's

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

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



fees, Registrar's fees, Custodian's fees (if any), fees and expenses of the legal counsel, auditor and other professionals, fees of service agents, ordinary legal and out-of-pocket expenses properly incurred on behalf of the Sub-Fund by the Trustee, the Manager or the Registrar or any of the Sub-Fund's service providers, the costs and expenses of licensing index used in connection with the Sub-Fund, the costs in connection with maintaining a listing of the Listed Class(es) of Units on the SEHK and maintaining the Trust's and the Sub-Fund's authorisation under the SFO, costs incurred in the preparation, printing and updating of any offering documents and the costs incurred in the preparation of supplemental deeds, the expenses incurred in convening meetings of Unitholders, printing and distributing annual and half-yearly financial reports and other circulars relating to the Sub-Fund and the expenses of publishing Unit prices.

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

The Management Fee does not include brokerage and transaction costs, fees and extraordinary items such as litigation expenses.

*Listed Class(es) of Units:* The current Management Fee percentage in respect of the Listed Class(es) of Units is 0.20% per year of the Net Asset Value of the Class and is accrued daily and calculated as at each Dealing Day and payable monthly in arrears.

*Unlisted Class(es) of Units:* The current Management Fee percentage in respect of the Unlisted Classes of Units are set out below:

Fee	Annual rate (as a % of the Net Asset Value of the Class)	
	Class A Units RMB / Class A Units RMB Hedged / Class A Units HKD / Class A Units USD:	Class B Units RMB / Class B Units RMB Hedged / Class B Units HKD / Class B Units USD:
<b>Management fee</b>	0.20% per annum	0.99% per annum

#### *Performance fee*

No performance fee is chargeable to the Sub-Fund.

#### *Ongoing charges*

The ongoing charges figure of the Sub-Fund (or Class(es) thereof) is the sum of anticipated charges to the Sub-Fund (or Class(es) thereof) expressed as a percentage of the Net Asset Value of the Sub-Fund as set out in the product key facts statement in respect of the Unlisted Class(es) of Units of the Sub-Fund.

The ongoing charges figure of the Sub-Fund is the sum of anticipated charges to the Sub-Fund expressed as a percentage of the Net Asset Value of the Sub-Fund as set out in the product key facts statement in respect of the Listed Class(es) of Units of the Sub-Fund.

#### *Promotional expenses*

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

### *Other expenses*

The Sub-Fund will bear all costs relating to investment of the Sub-Fund including but not limited to stamp and other duties, governmental charges, brokerages, commissions, exchange costs and commissions, bank charges and other costs and expenses payable in respect of the acquisition, holding and realisation of any investment or any monies, deposit or loan.

### **Establishment costs**

The cost of establishing the Sub-Fund including the preparation of this Prospectus, inception fees, the costs of seeking and obtaining the listing and authorisation by the SFC and all initial legal and printing costs will be borne by the Manager. Such establishment costs are estimated to be HKD850,000. The attention of investors is drawn to the risk factor entitled "Valuation and accounting risk".

### **Increase in fees**

The current fees payable to the Manager as described above may be increased on one month's notice to Unitholders (or such shorter period as approved by the SFC), subject to the maximum of 1 per cent per annum of the Net Asset Value of the Sub-Fund or Class as provided in the Trust Deed.

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

## RISK FACTORS

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

### **Investment risks**

#### *General investment risk*

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

Investors should be aware that investment in the Sub-Fund is subject to normal market fluctuations and other risks inherent in the underlying assets into which the Sub-Fund may invest. There can be no assurance that any appreciation in value of investments will occur. There is no guarantee of repayment of principal.

#### *Securities risk*

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

#### *Investment objective risk*

There is no assurance that the investment objective of the Sub-Fund will be achieved. Whilst it is the intention of the Manager to implement strategies which are designed to minimise tracking error, there can be no assurance that these strategies will be successful. It is possible that you as an investor may lose a substantial proportion or all of your investment in the Sub-Fund where the Index value declines. As a result, each investor should carefully consider whether you can afford to bear the risks of investing in the Sub-Fund.

#### *Market risk*

The Net Asset Value of the Sub-Fund will change with changes in the market value of the Securities and/or Futures Contracts it holds. The price of Units and the income from them may go down as well as up. There can be no assurance that an investor will achieve profits or avoid losses, significant or otherwise. The capital return and income of the Sub-Fund is based on the capital appreciation and income on the Securities and/or Futures Contracts it holds, less expenses incurred. The Sub-Fund's return may fluctuate in response to changes in such capital appreciation or income. Furthermore, the Sub-Fund may experience volatility and decline in a manner that broadly corresponds with the Index. Investors in the Sub-Fund are exposed to the same risks that investors who invest directly in the underlying Securities and/or Futures Contracts would face. These risks include, for example, interest rate risks (risks of falling portfolio values in a rising interest rate market); income risks (risks of falling incomes from a portfolio in a falling interest rate market); and credit risk (risk of a default by the underlying issuer of a Security that forms part of the Index).

#### *Concentration risk / single issuer risk.*

The Index is subject to concentration risk as a result of tracking the performance of a single geographical region, namely the US, and is concentrated in debt securities of a single issuer,

namely the US Treasury debt securities with greater than 20 years remaining term to final maturity. The Sub-Fund's value may be more volatile than that of a fund having a more diverse portfolio and may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the US market. For the avoidance of doubt, the Sub-Fund's investment in US Treasury debt securities is generally not subject to US withholding, income or capital gains tax.

#### *Asset class risk*

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

#### *Passive investment risk*

The Sub-Fund is not actively managed. Accordingly, the Sub-Fund may be affected by a decline in the market segments relating to the Index. The Sub-Fund invests directly in the constituent stocks included in the Index regardless of their investment merit. The Manager does not attempt to select stocks individually or to take defensive positions in declining markets. Investors should note that the lack of discretion on the part of the Manager to adapt to market changes due to the inherent investment nature of the Sub-Fund will mean that falls in the Index are expected to result in corresponding falls in the value of the Sub-Fund and investors may lose a significant part of their respective investments if the Index falls.

#### *Tracking error risk*

Although the Manager will adopt a primarily full replication strategy to reduce tracking error, the Manager may use representative sampling (for example where it is not possible to acquire certain Securities and/or Futures Contracts which are constituents of the Index due to restrictions or limited availability), and there can be no assurance of exact or identical replication at any time of the performance of the Index. Because the Manager has no other strategy to minimise tracking error and representative sampling may not provide identical performance, the Net Asset Value of the Sub-Fund may not correlate exactly with the Index. Factors such as the fees and expenses of the Sub-Fund, imperfect correlation between the Sub-Fund's assets and the Securities constituting the Index, inability to rebalance the Sub-Fund's holdings of Securities and/or Futures Contracts in response to changes in the constituents of the Index, rounding of Security and/or Futures Contract prices, and changes to the regulatory policies may affect the Manager's ability to achieve close correlation with the Index. These factors may cause the Sub-Fund's returns to deviate from the Index.

#### *Representative Sampling Risk*

With a representative sampling strategy, the Sub-Fund does not hold all of the Securities in its Index and may invest in Securities not included in its Index, provided that the sample closely reflects the overall characteristics of the Index which the Manager believes will help the Sub-Fund achieve its investment objective. The Securities held by a Sub-Fund may also be over or underweight relative to the Securities in its Index. It is therefore possible that a Sub-Fund may be subject to larger tracking error.

#### *Debt securities market risk*

Income risk – The Sub-Fund's income may decline when interest rates fall. This decline can occur because the debt instruments held by the Sub-Fund will have floating, or variable, interest rates.

Interest rate risk – The Sub-Fund's investments in debt securities are subject to interest rate risk.

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

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

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

Debt securities are offered on an unsecured basis without collateral and will rank equally with other unsecured debts of the relevant issuer. As a result, if the issuer becomes bankrupt, proceeds from the liquidation of the issuer's assets will be paid to holders of debt securities only after all secured claims have been satisfied in full. The Sub-Fund is therefore fully exposed to the credit/insolvency risk of its counterparties as an unsecured creditor.

Valuation risk – Valuation of the Sub-Fund's investments may involve uncertainties and judgemental determinations, and independent pricing information may not at all times be available. If such valuations should prove to be incorrect, the Net Asset Value of the Sub-Fund may need to be adjusted and may be adversely affected. The value of debt securities may be affected by changing market conditions or other significant events affecting valuation. For example, in the event of the credit rating downgrade of an issuer, the value of the relevant debt securities may decline rapidly, and the value of the Sub-Fund may be adversely affected.

Sovereign debt risks – By investing in debt obligations of the US Treasury, the Sub-Fund will be exposed to the direct or indirect consequences of political, social and economic changes in the US. Political changes in the US may affect the willingness of the US Treasury to make or provide for timely payments of its debt obligations. The US's economic status, as reflected, among other things, in its inflation rate, the amount of its external debt and its gross domestic product, will also affect the US Treasury's ability to honour its obligations.

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

The Sub-Fund's portfolio may comprise debt obligations of the US Treasury, for which a limited or no established secondary market exists. Reduced secondary market liquidity may have an adverse effect on the market price and the Sub-Fund's ability to dispose of particular instruments when necessary to meet liquidity requirements or in response to specific economic events such as deterioration in the creditworthiness of the issuer. Reduced secondary market liquidity for such debt

obligations may also make it more difficult to obtain accurate market quotations for the purpose of determining the Net Asset Value of the Sub-Fund. Market quotations are generally available on many sovereign debt obligations only from a limited number of dealers and may not necessarily represent firm bids of those dealers or prices for actual sales.

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

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

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

#### *Operating issues risk*

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

#### *Counterparty risk to custodian risk*

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

#### *Indemnity risk*

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

#### *Currency risk (Only applicable to Distributing Listed Class of Units and Unlisted Class of Units)*

A Class of Units may be designated in a currency other than the base currency of the Sub-Fund. The Net Asset Value of the Sub-Fund may be affected unfavourably by fluctuations in the exchange rates between these currencies and the base currency and by changes in exchange rate controls.

RMB is currently not freely convertible and is subject to exchange controls and restrictions which, under exceptional circumstances, may cause a delay in payment of redemptions and/or dividend payments in RMB. 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.

*Distributions may not be paid risk (applicable to Distributing Listed Class of Units and distribution Unlisted Classes of Units only)*

It is the Manager's intention that the Sub-Fund will pay distributions on Distributing Listed Class of Units and distribution Unlisted Classes of Units but this will mainly depend on dividends or distributions declared and paid in respect of the Securities of the Index. Such dividends or distributions received by the Sub-Fund may be applied towards meeting the costs and expenses of the Sub-Fund. Dividend or distribution payment rates in respect of such Securities will depend on factors beyond the control of the Manager or Trustee including, general economic conditions, and the financial position and dividend or distribution policies of the relevant underlying entities. There can be no assurance that such entities will declare or pay dividends or distributions. As such the Sub-Fund may not make distributions.

*Distributions out of or effectively out of capital risk (applicable to Distributing Listed Class of Units and distribution Unlisted Classes of Units only)*

The Manager may, at its discretion make distributions out of capital in respect of Distributing Listed Class of Units and distribution Unlisted Classes of Units. The Manager may also, at its discretion, make distributions out of gross income while all or part of the fees and expenses of the Distributing Listed Class of Units or distribution Unlisted Classes of Units are charged to/paid out of the capital in respect of the Distributing Listed Class of Units or distribution Unlisted Classes of Units of the Sub-Fund (as the case may be), resulting in an increase in distributable income for the payment of distributions by the Sub-Fund and therefore, the Sub-Fund may effectively pay distributions out of the capital. Payment of distributions out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of distributions out of or effectively out of the Sub-Fund's capital may result in an immediate reduction of the Net Asset Value per Distributing Listed Class of Unit. Please refer to the sub-section "Distribution Policy" under "Statutory and General Information" for further details.

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

*Possible early termination of the Sub-Fund risk*

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

*Securities lending transactions risk*

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

requests.

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

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

#### *Borrowing risks*

The Trustee, at the request of the Manager, may borrow for the account of the Sub-Fund (up to 10% of the total Net Asset Value of the Sub-Fund) for various reasons, such as facilitating redemptions or to acquire investments for the account of the Sub-Fund. Borrowing involves an increased degree of financial risk and may increase the exposure of the Sub-Fund to factors such as rising interest rates, downturns in the economy or deterioration in the conditions of the assets underlying its investments. There can be no assurance that the Sub-Fund will be able to borrow on favourable terms, or that the Sub-Fund's indebtedness will be accessible or be able to be refinanced by the Sub-Fund at any time.

#### *Government intervention and restriction risk*

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

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

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

#### *Reliance on the Manager risk*

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

#### *Large redemptions risk*

If significant redemptions of Units are requested by the Participating Dealers in respect of Listed Class of Units or by Unitholders of Unlisted Class(es) of Units, it may not be possible to liquidate the Sub-Fund's investments at the time such redemptions are requested or the Manager may be able to do so only at prices which the Manager believes does not reflect the true value of such investments, resulting in an adverse effect on the return to investors. Where significant redemptions of Units are requested by the Participating Dealers (for Listed Class of Units) or



Unitholders of Unlisted Class(es) of Units, the right of Participating Dealers or Unitholders (as the case may be) to require redemptions in excess of 10% of the total Net Asset Value (both Listed Class and Unlisted Class(es) of Units) in the Sub-Fund then in issue (or such higher percentage as the Manager may determine) may be deferred, or the period for the payment of redemption proceeds may be extended. In addition, the Manager may also in certain circumstances suspend the determination of the Net Asset Value of the Sub-Fund for the whole or any part of any period. Please see the section on "Determination of Net Asset Value" for further details.

*Hedged class risk (applicable to Unlisted Class of Units only)*

Investors in hedged classes bear the associated costs and may also be exposed to the risks associated with the instruments used in the hedging process. There is no guarantee that the desired hedging instruments will be available or that the hedging techniques employed by the Manager will be effective in achieving their desired result. Hedging can also limit potential gains of a hedged share class. Whilst hedging may protect investors against a decrease in the value of the base currency relative to the relevant class currency, it may also preclude investors from benefitting from any increase in value of the base currency. Investors should also be aware that the volatility of a hedged class may be higher than that of the equivalent class denominated in the Sub-Fund's base currency.

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

*Absence of active market and liquidity risks*

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

*Suspension of trading risk*

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

*Trading hours differences risk*

As the markets in which the Sub-Fund invests may be open when Listed Classes of Units in the Sub-Fund are not priced, the value of the securities in the Sub-Fund's portfolio may change on days when investors will not be able to purchase or sell the Listed Classes of Units. Differences in trading hours between the markets in which the Sub-Fund invests and the SEHK may also increase the level of premium or discount of the Unit price to the Sub-Fund's Net Asset Value.

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

Listed Classes of Units of the Sub-Fund trade on the SEHK at prices above or below the most recent Net Asset Value. The Net Asset Value per Unit of the Sub-Fund is calculated at the end of each Dealing Day and fluctuates with changes in the market value of the Sub-Fund's holdings. The trading prices of the Listed Classes of Units fluctuate continuously throughout the trading hours based on market supply and demand rather than Net Asset Value. The trading price of the Listed Classes of Units may deviate significantly from Net Asset Value particularly during periods of market

volatility. Any of these factors may lead to the Listed Classes of Units of the Sub-Fund trading at a premium or discount to the Net Asset Value. On the basis that Listed Classes of Units can be created and redeemed in Application Units at Net Asset Value, the Manager believes that large discounts or premiums to Net Asset Value are not likely to be sustained over the long-term. While the creation/redemption feature is designed to make it likely that the Listed Classes of Units will normally trade at prices close to the Sub-Fund's next calculated Net Asset Value, trading prices are not expected to correlate exactly with the Sub-Fund's Net Asset Value due to reasons relating to timing as well as market supply and demand factors. In addition, disruptions to creations and redemptions or the existence of extreme market volatility may result in trading prices that differ significantly from Net Asset Value. In particular, if an investor purchases Listed Classes of Units at a time when the market price is at a premium to Net Asset Value or sells when the market price is at a discount to Net Asset Value, then the investor may sustain losses.

#### *Trading risk*

While the creation/redemption feature of the Sub-Fund is designed to make it likely that Listed Classes of Units will trade close to their Net Asset Value, disruptions to creations and redemptions may result in trading prices that differ significantly from the Net Asset Value. The secondary market prices of Listed Classes of Units will fluctuate in accordance with changes in the Net Asset Value and supply and demand on any exchange on which Units are listed. The Manager cannot predict whether Listed Classes of Units will trade below, at, or above their Net Asset Value. Since, however, Listed Classes of Units must be created and redeemed in Application Unit Size (unlike shares of many closed-end funds, which frequently trade at appreciable discounts from, and sometimes at premiums to, their Net Asset Value) the Manager believes that ordinarily large discounts or premiums to the Net Asset Value of Listed Classes of Units should not be sustained. If the Manager suspends creations and/or redemptions of Listed Classes of Units, the Manager anticipates that there may be larger discounts or premiums as between the secondary market price of Listed Classes of Units and the Net Asset Value.

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

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

#### *Liquidity risk*

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

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

As investors will pay certain charges (e.g. trading fees and brokerage fees) to buy or sell Listed Classes of Units on the SEHK, investors may pay more than the Net Asset Value per Unit when buying Listed Classes of Units on the SEHK, and may receive less than the Net Asset Value per Unit when selling Listed Classes of Units on the SEHK.

In addition, investors on the secondary market will also incur the cost of the trading spread, being the difference between what investors are willing to pay for the Listed Classes of Units (bid price) and the price at which they are willing to sell Listed Classes of Units (ask price). Frequent trading may detract significantly from investment results and an investment in Listed Classes of Units may not be advisable particularly for investors who anticipate making small investments regularly.

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

Investors should note that the Sub-Fund is not like a typical retail investment fund offered to the public in Hong Kong (for which units can generally be purchased and redeemed directly from the manager). Listed Classes of Units of the Sub-Fund may only be created and redeemed in Application Unit Sizes directly by a Participating Dealer (either on its own account or on behalf of an investor through a stockbroker which has opened an account with the Participating Dealer). Other investors may only make a request (and if such investor is a retail investor, through a stockbroker which has opened an account with a Participating Dealer) to create or redeem Listed Classes of Units in Application Unit Sizes through a Participating Dealer which reserves the right to refuse to accept a request from an investor to create or redeem Listed Classes of Units under certain circumstances. Alternatively, investors may realise the value of their Listed Classes of Units by selling their Units through an intermediary such as a stockbroker on the SEHK, although there is a risk that dealings on the SEHK may be suspended. Please refer to the section headed "Creations and Redemptions (Primary Market)" in Schedule 3 for details in relation to the circumstances under which creation and redemption applications can be rejected.

### *Secondary market trading risk*

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

### *Reliance on Market Makers risk*

Although the Manager will use its best endeavours to put in place arrangements so that at least one RMB Counter Market Maker for the RMB counter, one HKD Counter Market Maker for the HKD counter and one USD Counter Market Maker for the USD counter will maintain a market for the Listed Classes of Units traded in each counter, it should be noted that liquidity in the market for the Listed Classes of Units may be adversely affected if there is no Market Maker for the HKD traded Units, USD traded Units or RMB traded Units. The Manager will seek to mitigate this risk by using its best endeavours to put in place arrangements so that at least one Market Maker for the Listed Classes of Units for each counter gives not less than 3 months' notice prior to terminating market making arrangement under the relevant market making agreements. There may be less interest by potential market makers in making a market in RMB denominated or traded Units. Furthermore, any disruption to the availability of RMB may adversely affect the capability of Market Makers in providing liquidity for such RMB traded Units. It is possible that there is only one SEHK Market Maker to a counter (RMB or HKD or USD) or to the Sub-Fund or the Manager may not be able to engage a substitute Market Maker within the termination notice period of a Market Maker, and there is also no guarantee that any market making activity will be effective.

### *Reliance on Participating Dealers risk*

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

*Listed Classes of Units may be delisted from the SEHK risk*

The SEHK imposes certain requirements for the continued listing of Securities, including the Listed Classes of Units, on the SEHK. Investors cannot be assured that the Sub-Fund will continue to meet the requirements necessary to maintain the listing of Listed Classes of Units on the SEHK or that the SEHK will not change the listing requirements. If the Listed Classes of Units of the Sub-Fund are delisted from the SEHK, Unitholders will have the option to redeem their Listed Classes of Units by reference to the Net Asset Value of the Sub-Fund. Where the Sub-Fund remains authorised by the SFC, such procedures required by the Code will be observed by the Manager including as to notices to Unitholders, withdrawal of authorisation and termination, as may be applicable. Should the SFC withdraw authorisation of the Sub-Fund for any reason it is likely that Listed Classes of Units may also have to be delisted.

*USD distributions risk (Only applicable to Distributing Listed Class of Units)*

Investors should note that where a Unitholder holds Distributing Listed Class of Units traded under the HKD counter or RMB counter, the relevant Unitholder will only receive distributions in USD and not HKD or RMB. In the event the relevant Unitholder has no USD account, the Unitholder may have to bear the fees and charges associated with the conversion of such distribution from USD into HKD, RMB or any other currency. Unitholders are advised to check with their brokers concerning arrangements for distributions.

***Risks associated with Multi-Counter (Only applicable to Distributing Listed Class of Units)***

The Sub-Fund has Multi-Counter traded Distributing Listed Class of Units, which means that Distributing Listed Class of Units are traded and settled in USD under the USD counter, in HKD under the HKD counter and in RMB under the RMB counter. The nature of the Multi-Counter for exchange traded funds may make investment in the Distributing Listed Class of Units riskier than in single counter units or shares of an SEHK listed issuer for example where for some reason there is a settlement failure on an inter-counter transfer if the Distributing Listed Class of Units of one counter are delivered to CCASS at the last settlement on a trading day, leaving not enough time to transfer the Distributing Listed Class of Units to the other counter for settlement on the same day.

In addition, where there is a suspension of the inter-counter transfer of Distributing Listed Class of Units of the different counters for any reasons, for example, operational or systems interruption, Unitholders will only be able to trade their Distributing Listed Class of Units in the currency of the relevant Multi-Counter. Accordingly, it should be noted that inter-counter transfers may not always be available.

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

Investors without USD accounts may buy and sell HKD or RMB traded Distributing Listed Class of Units only. However, such investors will not be able to buy or sell USD traded Distributing Listed Class of Units and should note that distributions are made in USD only. As such, investors may suffer a foreign exchange loss and incur foreign exchange associated fees and charges to receive their distribution.

It is possible that some brokers and CCASS participants may not be familiar with and may not be able to (i) buy Distributing Listed Class of Units in one counter and to sell Listed Class of Units in

the other, (ii) carry out inter-counter transfers of Distributing Listed Class of Units, or (iii) trade Distributing Listed Class of Units in both counters at the same time. In such a case another broker or CCASS participant may need to be used. Accordingly, investors may only be able to trade their Listed Class of Units in one currency, investors are recommended to check the readiness of their brokers in respect of the Multi-Counter trading and inter-counter transfer.

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

#### *Different dealing arrangements*

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

#### *Different cost mechanism*

Investors should note that different cost mechanisms apply to Listed Class(es) of Units and Unlisted Class(es) of Units. For Listed Class(es) of Units, the Transaction Fee and Duties and Charges in respect of Creation and Redemption Applications are paid by the Participating Dealer applying for or redeeming such Units and/or the Manager. Investors of Listed Class(es) of Units in the secondary market will not bear such Transaction Fees and Duties and Charges (but for the avoidance of doubt, may bear other fees, such as SEHK trading fees, as described under the section “Fees and Expenses”).

On the other hand, the subscription and redemption of Unlisted Class(es) of Units may be subject to a subscription fee and redemption fee respectively, which will be payable to the Manager by the investor subscribing or redeeming. In addition, the Manager may, in its absolute discretion, in addition to the Subscription Price and/or Redemption Price, in certain circumstances, add or deduct an amount of Subscription Adjustment Allowance or Redemption Adjustment Allowance (as the case may be) it considers represents an appropriate provision for transactional fees or expenses which are customarily incurred by the Sub-Fund, and such additional amount will be paid to the Trustee and will form part of the assets of the Sub-Fund. Please refer to Schedule 4 for further information on Subscription Adjustment Allowance and Redemption Adjustment Allowance. Furthermore, the Manager may (if in its opinion in good faith it is in the best interest of Unitholders to do so), through swing pricing mechanism, adjust the Net Asset Value of such Units so as to ensure that investors of the Unlisted Class of Units will not be prejudiced in the event of substantial net subscriptions or net redemptions. Please refer to the section “Anti-Dilution Pricing Adjustment Mechanism” in Schedule 4 for further information.

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

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

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

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

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

The Net Asset Value per Unit of each of the Distributing Listed Class of Units, Accumulating Listed Class of Units and Unlisted Classes of Units may also be different due to the different fees and costs applicable to each class.

#### *Difference in distribution policy*

The Manager will pay distributions to Unitholders of the Distributing Listed Class of Units and may pay distributions to Unitholders of the Unlisted Classes of Units but not to Unitholders of the Accumulating Listed Class of Units. Distributions made in respect of the Distributing Listed Class of Units and Unlisted Classes of Units may result in an immediate reduction in their respective Net Asset Value per Unit. All income and capital gain received in the Accumulating Listed Class of Units will be reinvested and reflected in the Net Asset Value per Unit. The difference in the distribution policies of the classes will lead to difference in the Net Asset Value between the classes.

### **Risks associated with the Index**

#### *Index is subject to fluctuations risk*

The performance of the Units should, before fees and expenses, correspond closely with the performance of the Index. If the Index experiences volatility or declines, the price of the Units will vary or decline accordingly.

#### *Reliance on the Index Provider risk*

The Manager will rely solely on the Index Provider for information as to the constituents of the Index. The process and the basis of computing and compiling the Index and any of its related formulae, constituent companies and factors may also be changed or altered by the Index Provider at any time without notice. There is also no warranty, representation or guarantee given to the investors as to the accuracy or completeness of the Index, its computation or any information related thereto.

#### *Licence to use Index may be terminated risk*

The Manager is granted a licence by the Index Provider to use the Index to create the Sub-Fund based on the Index and to use certain trademarks and any copyright in the Index. The Sub-Fund may not be able to fulfil its objective and may be terminated if the licence agreement is terminated. The term of the licence agreement continues until termination in accordance with the provisions of the licence agreement. There can be no guarantee that the licence agreement will be perpetually extended. For further information on the grounds for terminating the licence agreement, please refer to the section on "Index Licence Agreement". The Sub-Fund may also be terminated if the Index ceases to be compiled or published and there is no replacement Index using the same or substantially similar formula for the method of calculation as used in calculating the Index.

#### *Compilation of Index risk*

The Securities of the Index are determined and composed by the Index Provider without regard to the performance of the Sub-Fund. The Sub-Fund is not sponsored, endorsed, sold or promoted by the Index Provider. The Index Provider makes no representation or warranty, express or implied, to investors in the Sub-Fund or other persons regarding the advisability of investing in Securities

generally or in the Sub-Fund particularly. The Index Provider has no obligation to take the needs of the Manager or investors in the Sub-Fund into consideration in determining, composing or calculating the Index. There is no assurance that the Index Provider will compile the Index accurately, or that the Index will be determined, composed or calculated accurately. In addition, the process and the basis of computing and compiling the Index and any of its related formulae, constituent companies and factors may at any time be changed or altered by the Index Provider without notice. Consequently there can be no guarantee that the actions of the Index Provider will not prejudice the interests of the Sub-Fund, the Manager or investors.

#### *Composition of the Index may change risk*

The Securities constituting the Index will change as the Securities of the Index are delisted, or as the Securities mature or are redeemed or as new Securities are included in the Index or where the methodology of the Index is changed by the Index Provider. In addition, the computation basis of the Index may change. When this happens the weightings or composition of the Securities owned by the Sub-Fund will change as considered appropriate by the Manager to achieve the investment objective. Thus, an investment in Units will generally reflect the Index as its constituents change and not necessarily the way it is comprised at the time of an investment in Units. However, there can be no guarantee that the Sub-Fund will, at any given time accurately reflect the composition of the Index (refer to the section on "Tracking error risk").

#### *Difficulties in valuation of investments risk*

Securities acquired on behalf of the 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 the Sub-Fund's portfolio securities is available (for example, when the secondary markets on which a security is traded have become illiquid) the Manager may apply valuation methods to ascertain the fair value of such securities, pursuant to the Trust Deed.

### **Regulatory risks**

#### *Withdrawal of SFC authorisation risk*

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

#### *Legal and regulatory risk*

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

#### *Taxation risk*

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

#### *Valuation and accounting risk*

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

#### *Contagion risk*

The Trust Deed allows the Trustee and the Manager to issue Units in separate sub-funds. The Trust Deed provides for the manner in which the liabilities are to be attributed across the various sub-funds under the Trust, including the Sub-Fund (liabilities are to be attributed to the specific sub-fund in respect of which the liability was incurred). A person to whom such a liability is owed has no direct recourse against the assets of the relevant sub-fund (in the absence of the Trustee granting that person a security interest). However, each of the Trustee and the Manager will have a right of reimbursement and indemnity out of the assets of the Trust as a whole or any part thereof, against any action, costs, claims, damages, expenses or demands relating to the Trust as a whole, which may result in Unitholders of one sub-fund being compelled to bear the liabilities incurred in respect of other sub-funds in which such Unitholders do not themselves own units, if there are insufficient assets in that other sub-fund to satisfy the amount due to the Trustee and the Manager. Accordingly, there is a risk that liabilities of one sub-fund may not be limited to that particular sub-fund and may be required to be paid out of one or more other sub-funds.

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

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

#### *FATCA related risks*

The US Foreign Account Tax Compliance Act (“FATCA”) provides that a 30% withholding tax will be imposed on certain payments to foreign financial institutions, such as the Sub-Fund, including interests and dividends from securities of US issuers and potentially on a future date, gross proceeds from the sale of such securities, unless the Sub-Fund agrees to enter into an agreement (an “FFI Agreement”) with the US Internal Revenue Service (“IRS”), under which it will agree to identify its direct or indirect owners (under certain circumstances) who are U.S. persons and disclose to the IRS such as U.S. persons’ name, address and taxpayer identification number as well as certain other information relating to any such interest. Also, an FFI may be required to withhold U.S. tax at a rate of 30% on certain payments to investors who fail to cooperate with



certain information requests made by the FFI or on such payments made to investors that are FFIs that have not entered into an FFI Agreement with the IRS.

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

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

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

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

## MANAGEMENT OF THE TRUST

### The Manager

The Manager of the Trust is China Asset Management (Hong Kong) Limited 華夏基金(香港)有限公司, which is a fully-owned subsidiary of China Asset Management Co., Ltd. (“ChinaAMC”). Established on 9 April 1998 with approval from the CSRC, ChinaAMC is one of the first nation-wide fund management firms in the PRC and is currently one of the largest fund management company in the PRC in terms of assets under management (RMB 1,890.5 billion as of 31 December 2023).

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

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

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

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

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

### The Directors of the Manager

The Directors of the Manager are:

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

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

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

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

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

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

### **The Trustee and Registrar**

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

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

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

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

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

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

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

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

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

The Trustee will not participate in transactions and activities, or make any payments denominated in US dollars, which, if carried out by a US person, would be subject to sanctions by The Office of Foreign Assets Control (the "OFAC") of the US Department of the Treasury.

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

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

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

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

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

### **The Auditor**

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

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

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

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

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

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

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

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

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

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

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

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

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

In addition:

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

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

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

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

The Manager or Connected Person of any of them may receive, and are entitled to retain, research products and services (known as soft dollar benefits) which are of demonstrable benefit to the Sub-Fund (as may be permitted under the Code, applicable rules and regulations) from brokers and other persons through whom investment transactions are carried out ("brokers") provided that the quality of transaction execution is consistent with best execution standards and brokerage rates

are not in excess of customary full service brokerage rates adequate prior disclosure is made in this Prospectus that the Unitholders have consented and periodic disclosure is made in the Sub-Fund's annual financial report in the form of a statement describing the soft dollar policies and practices of the Manager, including a description of the goods and services retained by them, and the availability of soft dollar arrangements is not the sole or primary purpose to perform or arrange transaction with such broker or dealer. Such goods and services may not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employee salaries, or direct money payments.

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

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

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

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

## STATUTORY AND GENERAL INFORMATION

### Reports and Accounts

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

The first audited financial reports of the Sub-Fund was for the period ending 31 December 2024 and the first half-yearly unaudited financial reports of the Sub-Fund will be for the period ending 30 June 2025.

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

The financial reports provide details of the assets of the Sub-Fund and the Manager's statement on transactions during the period under review (including a list of any constituent Securities of the Index, if any, that each accounts for more than 10% of the weighting of the Index as at the end of the relevant period and their respective weighting showing any limits adopted by the Sub-Fund have been complied with). The financial reports shall also provide a comparison of the Sub-Fund's performance and the actual Index performance over the relevant period and such other information as is required under the Code.

### Trust Deed

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

### Indemnities of the Trustee and Manager

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

### Modification of the Trust Deed

The Trustee and the Manager may agree to modify, alter or add to the provisions of the Trust Deed by supplemental deed provided that in the opinion of the Trustee and the Manager such proposed modification, alteration or addition (i) does not materially prejudice the interests of Unitholders, does not operate to release to any material extent the Trustee or the Manager or any other person from any responsibility to the Unitholders and (with the exception of the costs incurred in connection with



the relevant supplemental deed) does not increase the costs and charges payable out of the assets of the Sub-Fund; (ii) is necessary in order to make possible compliance with any fiscal, statutory, regulatory or official requirement (whether or not having the force of law); or (iii) is made to correct a manifest error. In all other cases, modifications, alterations and additions involving material changes require the sanction of an extraordinary resolution of the Unitholders affected. The SFC must, where applicable, also give its prior approval to such amendments to the Trust Deed.

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

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

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

### **Meetings of Unitholders**

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

### **Voting Rights**

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

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

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

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

### **Termination**

The Trust may be terminated by the Trustee if: (i) the Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or a receiver is appointed over any of its assets and not discharged within 60 days; (ii) in the opinion of the Trustee, the Manager is incapable of performing its duties satisfactorily; (iii) the Manager has failed to perform its duties satisfactorily or has, in the opinion of the Trustee, done something calculated to bring the Trust into disrepute or that is harmful to the interests of Unitholders; (iv) a law is passed that renders it illegal, or in the opinion of the Trustee or the Manager, impracticable or inadvisable to continue the Trust; (v) the Trustee is unable to find an acceptable person to replace the Manager within 30 days after the removal of the Manager, or the person nominated by the Trustee shall fail to be approved by extraordinary

resolution; or (vi) 60 days after the Trustee notifies the Manager of its intention to retire, no new person willing to act as trustee has been identified.

The Manager may terminate the Trust if: (i) after one year from the date of the Trust Deed, the aggregate Net Asset Value of all the units in the sub-fund(s) of the Trust is less than HKD150 million; (ii) any law or regulation is passed or amended or any regulatory directive or order is imposed that affects the Trust and which renders the Trust illegal or in the good faith opinion of the Manager, makes it impracticable or inadvisable to continue the Trust; or (iii) within a reasonable time and using commercially reasonable endeavours, the Manager is unable to find a person acceptable to act as the new trustee after deciding to remove the Trustee in accordance with the Trust Deed.

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

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

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

## **Distribution Policy**

### *Distributing Listed Class of Units*

In respect of the Distributing Listed Class of Units, the Manager intends to distribute income to Unitholders quarterly (in February, May, August and November), subject to the Manager's discretion, having regard to the Sub-Fund's net income after fees and costs. The Manager will make an announcement prior to any distribution in respect of the relevant distribution amount in USD only.

Distributions may be made out of capital as well as income at the Manager's discretion. The Manager may also, at its discretion, pay dividend out of gross income while all or part of the fees and expenses of the Sub-Fund are charged to/paid out of the capital of the Sub-Fund, resulting in an increase in distributable income for the payment of dividends by the Sub-Fund and therefore, the Sub-Fund may effectively pay dividend out of capital. The Manager may amend the policy with respect to distribution out of capital or effectively out of capital subject to the SFC's prior approval (if required) and by giving not less than one month's prior notice to investors.

Each Unitholder will receive distributions in USD (whether holding HKD traded Units, USD traded Units or RMB traded Units in respect of Listed Class of Units). In the event that the relevant Unitholder has no USD account, the Unitholder may have to bear the fees and charges associated with the conversion of such dividend from USD into HKD, RMB or any other currency. Unitholders are advised to check with their brokers for arrangements concerning distributions and to consider the risk factor “USD Distributions Risk”.

Distribution payment rates in respect of Units will depend on factors beyond the control of the Manager or Trustee including, general economic conditions, and the financial position and dividend or distribution policies of the relevant underlying entities. There can be no assurance that such entities will declare or pay dividends or distributions. Accordingly, although it is the Manager’s intention to make distributions, there can be no assurance that the Manager will pay distributions for the Sub-Fund.

Payment of distributions out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor’s original investment or from any capital gains attributable to that original investment. Any distributions involving payment out of or effectively out of the Sub-Fund’s capital may result in an immediate reduction in the Net Asset Value per Unit.

#### *Accumulating Listed Class of Units*

No distribution of dividends will be made to the Accumulating Listed Class of Units. Income and capital gain will be reinvested and reflected in the Net Asset Value per Unit of the Accumulating Listed Class of Unit.

#### *Unlisted Class of Units*

In relation to accumulation Unlisted Classes of Units, there will be no dividend distributions. All interest and other income earned on investments will be accumulated and re-invested into the Fund on behalf of the Unitholders of the accumulation Classes.

In relation to distribution Unlisted Classes of Units, the Manager currently intends to make monthly dividend distributions, subject to its discretion. The Manager intends to distribute income to Unitholders having regard to the Fund’s net income after fees and costs. Distributions (if any) will be paid from net income after deduction of all fees and costs and may be paid out of or effectively out of the capital of the Fund. All Units of the distribution Classes will receive distributions (if any) in the currency of the relevant distribution Unlisted Classes of Units.

The distribution policy of each Class may be amended subject to the SFC’s prior approval (if required) and upon giving not less than one month’s prior notice to Unitholders.

For Listed Class of Units and distribution Unlisted Classes of Units, the composition of distributions payable on Units (i.e. the relative amounts of distributions paid and the percentages of dividends out of (i) net distributable income and (ii) capital), if any, for the last 12 months are available from the Manager on request and are also published on the website [www.chinaamc.com.hk](http://www.chinaamc.com.hk).

#### **Inspection of Documents**

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

- (a) Trust Deed;
- (b) Service Agreements;

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

## **Part XV of the SFO**

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

## **Anti-Money Laundering Regulations**

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

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

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

## **Liquidity Risk Management**

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

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

The liquidity management policy involves monitoring the profile of investments held by the Sub-Fund on an on-going basis to ensure that such investments are appropriate to the redemption policy as set out in Schedule 3 and Schedule 4 respectively, and will facilitate compliance with the Sub-Fund's obligation to meet redemption requests. Further, the liquidity management policy includes details on periodic stress testing carried out by the Manager to manage the liquidity risk of the Sub-Fund under normal and exceptional market conditions.

As a liquidity risk management tool, the Manager may limit the number of Units of the Sub-Fund redeemed on any Dealing Day to Units representing 10% (or such higher percentage as the Manager may determine in respect of the Sub-Fund) of the total Net Asset Value in the Sub-Fund then in issue (subject to the conditions under the section headed "Deferred Redemption" in Schedule 3 and Schedule 4 respectively).

## **Index Licence Agreement**

The initial term of the licence of the Index commenced on 1 December 2023 and will continue for 1 year. After the expiration of the initial 1 year term, the licence should be automatically renewed for successive terms of 1 year unless either party to the licence agreement gives at least 180 days' notice of termination prior to the end of the then current term to the other party. The licence agreement may otherwise be terminated in accordance with the provisions of the licence agreement.

Investors' attention is drawn to "Risks associated with the Index".

## **Material Changes to the Index**

The SFC should be consulted on any events that may affect the acceptability of the Index. Significant events relating to the Index will be notified to the Unitholders as soon as practicable. These may include a change in the methodology/rules for compiling or calculating the Index, or a change in the objective or characteristics of the Index.

## **Replacement of the Index**

The Manager reserves the right, with the prior approval of the SFC and provided that in its opinion the interests of the Unitholders would not be adversely affected, to replace the Index with another index in accordance with the provisions of the index licence agreement. The circumstances under which any such replacement might occur include but are not limited to the following events:

- (a) the Index ceasing to exist;
- (b) the licence to use the Index being terminated;
- (c) a new index becoming available that supersedes the existing Index;
- (d) a new index becoming available that is regarded as the market standard for investors in the particular market and/or would be regarded as more beneficial to the Unitholders than the existing Index;
- (e) investing in the Securities comprised within the Index becomes difficult;
- (f) the Index Provider increasing its licence fees to a level considered too high by the Manager;
- (g) the quality (including accuracy and availability of the data) of the Index having in the opinion of the Manager, deteriorated; and
- (h) a significant modification of the formula or calculation method of the Index rendering that index unacceptable in the opinion of the Manager.

The Manager may change the name of the Sub-Fund if the Index changes or for any other reasons including if licence to use the Index is terminated. Any change to (i) the use by the Sub-Fund of the Index and/or (ii) the name of the Sub-Fund will be notified to investors.

## **Information Available on the Internet**

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

- (a) this Prospectus and the product key fact statements in respect of the Sub-Fund (as revised from time to time). Investors should note that the Sub-Fund offers both Listed Class(es) of Units and Unlisted Class(es) of Units to Hong Kong investors, so separate sets of product

key facts statement will be available for the Listed Class(es) of Units and the Unlisted Class(es) of Units of the Sub-Fund respectively;

- (b) the latest annual and semi-annual financial reports (in English only);
- (c) any notices for material alterations or additions to this Prospectus or the Sub-Fund's constitutive documents;
- (d) any public announcements made by the Sub-Fund, including information with regard to the Sub-Fund and Index, notices of the suspension of the calculation of the Net Asset Value, changes in fees and the suspension and resumption of trading;
- (e) (in respect of Listed Class(es) of Units only) the near real time indicative Net Asset Value per Unit in HKD, RMB and USD updated every 15 seconds throughout each Dealing Day;
- (f) (in respect of Listed Class(es) of Units only) the last Net Asset Value of the Sub-Fund in USD and the last Net Asset Value per Unit of the Listed Class(es) of Units in HKD, RMB and USD;
- (g) (in respect of the Unlisted Class(es) of Units only) the last Net Asset Value per Unit of each Unlisted Class of Units in issue;
- (h) the composition of the Sub-Fund (updated on a daily basis);
- (i) (in respect of Listed Class(es) of Units only) the latest list of the Participating Dealers and Market Makers;
- (j) the tracking difference and tracking error of the Sub-Fund;
- (k) (in respect of Listed Class(es) of Units and distribution Unlisted Class(es) of Units only) the composition of distributions (i.e. the relative amounts of distributions paid and the percentages of dividends out of (i) net distributable income and (ii) capital) for a rolling 12-month period.

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

The near real-time indicative Net Asset Value per Unit is indicative and for reference purposes only. It will be updated every 15 seconds during SEHK trading hours. The near real-time indicative Net Asset Value per Unit in HKD and RMB is calculated by ICE Data Indices using the near real-time indicative Net Asset Value per Unit in USD multiplied by a USD:HKD foreign exchange rate / USD:RMB foreign exchange rate (as the case may be) provided by ICE Data Indices Real-Time FX Rate. Since the near real-time indicative Net Asset Value per Unit in USD will not be updated when the underlying share market is closed, any change in the indicative Net Asset Value per Unit in HKD or RMB (if any) during such period is solely due to the change in the foreign exchange rate.

The last Net Asset Value per Unit in HKD and RMB is indicative and for reference purposes only and is calculated using the last Net Asset Value per Unit in USD multiplied by the USD:HKD foreign exchange rate / USD:RMB foreign exchange rate (as the case may be) quoted by Reuters at 4:00pm (London time) as of the same Dealing Day. The official last Net Asset Value per Unit in RMB and the indicative last Net Asset Value per Unit in HKD and RMB will be updated on days when the SEHK is open for trading.

## Notices

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

the following addresses:

***Manager***

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

***Trustee***

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

**Website Information**

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

## TAXATION

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

### **Hong Kong taxation**

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

##### *Profits Tax*

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

##### *Stamp Duty*

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

Under the remission order issued by the Secretary for the Treasury on 20 October 1999, any Hong Kong stamp duty payable on the transfer of Securities to the Trust or the Sub-Fund by an investor (through a Participating Dealer) for creation of Units will be remitted or refunded. Similarly, Hong Kong stamp duty payable on the transfer of Securities by the Trust or the Sub-Fund to an investor (through a Participating Dealer) upon redemption of Units will also be remitted or refunded.

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

The sale and purchase of Hong Kong stock (if any) by the Sub-Fund to reflect any changes in an Index is subject to Hong Kong stamp duty at 0.1% on the higher of the consideration amount or market value. The buyer and seller will each be liable for the Hong Kong stamp duty upon such transfer (i.e. 0.2 % in total).

#### *The Unitholders*

##### *Profits Tax*

Distributions by the Trust or the Sub-Fund should generally not be subject to Hong Kong profits tax in the hands of the Unitholders in accordance with the practice of the Inland Revenue Department ("IRD") (as at the date of this Prospectus). Hong Kong profits tax (which is currently charged at the rate of 16.5% for corporations, and 15% for individuals and unincorporated business) will arise on any gains or profits sourced in Hong Kong made on the sale, redemption or other disposal of the Units where such transactions form part of a trade, profession or business carried on by a Unitholder in Hong Kong and such Units are not capital assets to the Unitholders. A two-tiered



profits tax rates regime was enacted on 29 March 2018 and is applicable to any year of assessment commencing on or after 1 April 2018. Under the two-tiered profits tax rates regime, the first HKD 2 million of assessable profits will be subject to a reduced tax rate at 50% of the standard profits tax rate (i.e. 8.25% for corporations and 7.5% for individuals and unincorporated business), with certain exceptions, and the remaining profits will be subject to the standard rate of 16.5% for corporations and 15% for individuals and unincorporated business. For a group of “connected entities” (as defined under Section 14AAB of Inland Revenue Ordinance (Cap. 112)), only one entity within the group can elect to apply the two-tiered profits tax rates. Unitholders should take advice from their own professional advisers as to their particular tax position.

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

### *Stamp Duty*

The Units fall within the definition of “Hong Kong stock” as defined in the SDO. No Hong Kong stamp duty is payable by a Unitholder on an issue or redemption of Units where the redemption is effected by extinguishing the Units.

Under the Stamp Duty (Amendment) Ordinance 2015, no stamp duty is payable on the transfer, sale or purchase of shares or units of exchange traded funds (as defined in Part 1 of Schedule 8 to the SDO) traded or listed on the SEHK. Accordingly, no stamp duty will be payable by Unitholders on any transfer, sales or purchase of Units in any Sub-Fund (which is an exchange traded fund as defined in Part 1 to Schedule 8 of the SDO)

Unitholders should take advice from their own professional advisers as to their particular tax position.

### **US Taxation**

Interest received by US non-residents on obligations of the US government (for example, Treasury bills, notes and bonds) which were issued after 18 July, 1984 (“portfolio interest” obligations) is generally exempt from US withholding tax, as long as valid documentation has been provided to the payer or other relevant intermediaries. It is the Manager’s intention to provide the valid documentation on behalf of the Sub-Fund. Furthermore, capital gains on the sale of US government securities held by US non-residents for investment are generally exempt from US tax as well.

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

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

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

The Ordinance as implemented by Hong Kong require the Trust and each Sub-Fund and/or its agents to, amongst other things: (i) register the Trust and each Sub-Fund status as a “Reporting Financial Institution” with the IRD where required; (ii) conduct due diligence on its account holders (i.e. Unitholders) to identify whether any such accounts are considered “Reportable Accounts” under the Ordinance; and (iii) report to the IRD information on such Reportable Accounts on an

annual basis. The IRD is expected on an annual basis to transmit the required information reported to it to the competent authorities of the relevant Reportable Jurisdiction(s). Broadly, CRS requires that Hong Kong FIs should report on: (i) individuals or entities that are tax resident in a Reportable Jurisdiction; and (ii) certain entities controlled by individuals who are tax resident in a Reportable Jurisdiction. Under the Ordinance, details of Unitholders or their controlling persons (as the case may be), including but not limited to their name, place/ date of birth, address, jurisdiction of tax residence, tax identification number(s) (if any), account details, account balance/value of the interest in the Sub-Fund, and income or sale or redemption proceeds are required to be reported to the IRD and subsequently exchanged with competent authorities in the relevant Reportable Jurisdiction(s).

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

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

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

The US FATCA imposes a reporting and withholding regime with respect to certain payments to foreign financial institutions, such as the Sub-Fund. Under FATCA, investment income including dividends and interest and, potentially on a future date, gross proceeds from securities of U.S. issuers ("Withholdable Payments") may be subject to withholding at a rate of 30%, unless the recipient of the payment satisfies certain requirements intended to enable the IRS to identify U.S. persons (within the meaning of the IRS code) with interests in such payments. To avoid such withholding on payments made to it, foreign financial institutions (an "FFI"), such as each Sub-Fund (and, generally, other investment funds organised outside the US) generally will be required to enter into an agreement (an "FFI Agreement") with the IRS under which it will agree to be treated as a participating FFI. Participating FFIs generally will be required to identify its direct and indirect owners (under certain circumstances) who are U.S. persons and report certain information concerning such owners to the IRS. Also an FFI may be required to withhold U.S. tax at a rate of 30% on certain payments to investors who fail to cooperate with certain information requests made by the participating FFI. Moreover, participating FFIs may be required to withhold such payments made to investors that are FFIs that have not entered into an FFI Agreement with the IRS or that are not otherwise deemed compliant with FATCA.

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

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

The Sub-Fund has been registered with the IRS as a participating FFI (including a reporting Model 2 FFI) with a Global Intermediary Identification Number UZ8IEM.99999.SL.344. In order to protect Unitholders and avoid any withholding tax, it is the Manager's intention to endeavour to satisfy the requirements imposed under FATCA, the IGA and the terms of an FFI agreement. Broadly, the IGA requires each Sub-Fund to, amongst other things, (i) register as a "reporting financial institution" with the IRS; (ii) conduct due diligence on its accounts to identify whether any such accounts are considered "U.S. Accounts" under the IGA; and (iii) report to the IRS the required information on such U.S. Accounts on an annual basis. Hence it is possible that this may require the Sub-Fund (through its agents or service providers) as far as legally permitted, to report information on the holdings or investment returns of any Unitholder to the IRS or the local authorities pursuant to the terms of an applicable IGA (as the case may be), including certain Unitholders who fail to provide the information and documents required, or non-complaint FFIs or Unitholders that fall within other categories specified in the FATCA provisions and regulations. In any event, the Manager shall comply with personal data protection principles, and requirements as set out in the Personal Data (Privacy) Ordinance (Chapter 468 of the Laws of Hong Kong) and all other applicable regulations and rules governing personal data use in Hong Kong from time to time. As at the date of this Prospectus, all Units are registered in the name of HKSCC Nominees Limited. It is the Manager's understanding that HKSCC Nominees Limited has registered as a participating foreign financial institution under the Model 2 IGA.

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

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

The FATCA provisions are complex and continue to evolve. As such, the effects which the FATCA provisions may have on the Trust and each sub-fund may be subject to change are still uncertain. Withholding may apply to withholdable payments covered by FATCA if the Trust and each sub-fund cannot satisfy the applicable requirements and is determined to be non compliant or if the Hong Kong government is found in breach of the terms of the agreed IGA. The above description is based in part on regulations, official guidance and Model 2 IGA, all of which are subject to change or may be implemented in a materially different form. Nothing in this section constitutes or purports to constitute tax advice and Unitholders should not rely on any information set out in this section for the purposes of making any investment decision, tax decision or otherwise. All Unitholders should therefore consult their own tax and professional advisors regarding the FATCA requirements, possible implications and related tax consequences with respect to their own situation. In particular, Unitholders who hold their Units through intermediaries should confirm the FATCA compliance status of those intermediaries to ensure that they do not suffer the above mentioned withholding tax on their investment returns.

## SCHEDULE 1

### INVESTMENT RESTRICTIONS, SECURITIES LENDING AND BORROWING

#### General

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

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

#### Investment Restrictions

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

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

and the cash deposits arrangement would not compromise investors' interests;

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

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

of the Code,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

applicable investment restrictions) might constitute a loan;

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

Note: The investment restrictions set out above apply to the Sub-Fund, subject to the following: A collective investment scheme authorised by the SFC under the Code is usually restricted under Chapter 7.1 of the Code from making investments which would result in the value of that collective investment scheme's holdings of the Securities of any single entity exceeding 10% of the collective investment scheme's net asset value. For a Sub-Fund authorised under Chapter 8.6 of the Code as an index tracking ETF, given the investment objective of the Sub-Fund and nature of the Index, the relevant Sub-Fund is allowed under Chapter 8.6(h) of the Code to, notwithstanding Chapter 7.1 of the Code, hold investments in constituent Securities of any single entity exceeding 10% of the relevant Sub-Fund's Net Asset Value if such constituent Securities account for more than 10% of the weighting of the Index and the relevant Sub-Fund's holding of any such constituent Securities does not exceed their respective weightings in the Index, except where the weightings are exceeded as a result of changes in the composition of the Index and the excess is only transitional and temporary in nature.

However, the restrictions in 8.6(h)(i) and (ii) (as described above) do not apply if:

- (a) the Sub-Fund adopts a representative sampling strategy which does not involve full replication of the constituent securities of the underlying index in the exact weightings of such index;
- (b) the strategy is clearly disclosed in the Prospectus;
- (c) the excess of the weightings of the constituent securities held by the Sub-Fund over the weightings in the index is caused by the implementation of the representative sampling strategy;
- (d) any excess weightings of the Sub-Fund's holdings over the weightings in the index must be subject to a maximum limit reasonably determined by the Sub-Fund after consultation with the SFC. In determining this limit, the Sub-Fund must consider the characteristics of the underlying constituent securities, their weightings and the investment objectives of the index and any other suitable factors;
- (e) limits laid down by the Sub-Fund pursuant to the point above must be disclosed in the Prospectus;
- (f) disclosure must be made in the Sub-Fund's interim and annual financial reports as to whether the limits imposed by the Sub-Fund itself pursuant to the above point have been complied with in full. If there is non-compliance with the said limits during the relevant reporting period, this must be reported to the SFC on a timely basis and an account for



such non-compliance should be stated in the report relating to the period in which the non-compliance occurs or otherwise notified to investors.

## **Security Financing Transactions**

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

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

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

Further, details of the arrangements are as follows:

- **Revenues and Expenses**

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

Information on the revenues generated under such transactions shall be disclosed in the annual and interim financial reports of the Sub-Fund, along with entities to whom direct and indirect operational costs and fees relating to such transactions are paid. These entities may include the Manager or its Connected Persons (if any).

- **Eligible Counterparties**

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

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

The counterparty to a securities financing transaction must have a good credit rating, either assigned by an internationally recognized credit agency or assessed by the Manager according to its internal credit rating mechanism.

- Form and nature of collateral to be received

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

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

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

- Types of assets that may be subject to securities financing transactions

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

- Connected person(s) arrangement

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

- Safekeeping arrangement

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

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

## **Financial Derivative Instruments**

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

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

- (a) they are not aimed at generating any investment return;
- (b) they are solely intended for the purpose of limiting, offsetting or eliminating the probability of loss of risks arising from the investments being hedged;
- (c) although they may not necessarily reference to the same underlying assets, they should relate to the same asset class with high correlation in terms of risks and return, and involve taking opposite positions, in respect of the investments being hedged; and
- (d) they should exhibit price movements with high negative correlation with the investments

being hedged under normal market conditions. Hedging arrangement should be adjusted or re-positioned, where necessary and with due consideration on the fees, expenses and costs, to enable the Sub-Fund to meet its hedging objective in stressed or extreme market conditions.

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

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

Subject to the above, the Sub-Fund may invest in FDIs provided that the exposure to the underlying assets of the FDI, together with the other investments of the Sub-Fund, may not in aggregate exceed the corresponding investment restrictions or limitations applicable to such underlying assets and investments as set out in the relevant provisions of Chapter 7 of the Code.

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

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

be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the initiative of the Sub-Fund. Further, the calculation agent/fund administrator should be adequately equipped with the necessary resources to conduct independent marked-to-market valuation and to verify the valuation of the FDIs on a regular basis.

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

For the purposes herein, assets that are used to cover the Sub-Fund's payment and delivery obligations incurred under transactions in FDIs should be free from any liens and encumbrances, exclude any cash or near cash for the purpose of meeting a call on any sum unpaid on a security, and cannot be applied for any other purposes. A transaction in FDIs which gives rise to a future commitment or contingent commitment of the Sub-Fund should also be covered as follows:

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

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

## **Collateral**

Collateral received from counterparties shall comply with the following requirements:

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

restrictions and limitations set out in Chapters 7.1, 7.1A, 7.1B, 7.4, 7.5, 7.11, 7.11A, 7.11B and 7.14 of the Code;

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

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

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

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

- eligible collateral include cash, cash equivalents, government bonds, supranational bonds, corporate bonds, stocks, funds and money market instruments;
- there is no criteria on maturity of eligible collateral;

- the issuer of collateral must be of high quality, good reputation, solid financial status and the rating by a recognised credit rating agency shall be taken into account in the credit assessment process; debt securities must be rated investment grade or above to be eligible;
- regular stress tests are carried out under normal and exceptional liquidity conditions to enable an adequate assessment of the liquidity risks attached to the collateral;
- the haircut policy takes account of market volatility, the foreign exchange volatility between collateral asset and underlying agreement, liquidity and credit risk of the collateral assets, and the counterparty's credit risk (for each eligible security type). Haircuts shall be set to cover the maximum expected decline in the market price of the collateral asset (over a conservative liquidation horizon) before a transaction can be closed out;
- the non-cash collateral would be sufficiently diversified in terms of different parameter such as countries, markets and issuers;
- the collateral received would be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty;
- collateral must be readily enforceable by the Trustee and may be subject to netting or set-off; and
- cash collateral may only be reinvested in short-term deposits, high quality money market instruments and money market funds authorised by the SFC or regulated in a manner generally comparable with the requirements of the SFC. The maximum available for cash collateral re-investment is 100% of the cash value.

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

### **Borrowing Policy**

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

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

## SCHEDULE 2

### INDEX AND DISCLAIMER

*This section is a brief overview of the Index. It contains a summary of the principal features of the Index and is not a complete description of the Index. As at the date of this Prospectus, the summary of the Index in this section is accurate and consistent with the complete description of the Index. Complete information on the Index appears in the website identified below. Such information may change from time to time and details of the changes will appear on that website.*

#### **General Information on the Index**

The Index tracks the performance of US dollar denominated sovereign debt publicly issued by the US government in its domestic market. The Index is a market capitalisation weighted index based on amounts outstanding reduced by amounts held by the Federal Reserve's SOMA.

The Index is a total return index, meaning that the performance of the index includes both coupon and principal return derived from investments in US Treasury securities. It is denominated and quoted in USD.

The Index was launched on 31 December 2015 and had a base date of 31 December 2004 and a base level of 100. As of 3 May 2024, the Index had a total market capitalisation of USD 1.3 trillion and 40 constituents.

#### **Index Provider**

The Index is compiled and managed by ICE Data Indices, LLC (the "Index Provider").

The Manager (and each of its Connected Persons) is independent of the Index Provider.

#### **Index Methodology**

##### **Applicable Universe**

The applicable universe includes US dollar denominated sovereign debt publicly issued by the US government in its domestic market.

##### **Rules for Inclusion**

###### *Qualifying criteria*

**Size** – Qualifying securities are investment grade, must have an adjusted amount outstanding of at least USD300 million. U.S. Treasuries included in the Federal Reserve System Open Market Account (SOMA) will be deducted from the bond amount outstanding. Amount Outstanding is defined as the par amount outstanding of each Treasury, inclusive of any announced auctions or re-openings, less the par amount of said Treasury held in the Federal Reserve System Open Market Account (SOMA) or bought at issuance by the Federal Reserve. New issuance bought at auction by the Federal Reserve is not included in the eligible bond universe (Index). Secondary market purchases by the Federal Reserve that occur in the current month are not reflected in the Index until the following month.

**Maturity** – Qualifying securities must have greater than twenty years remaining term to final maturity as of the rebalancing date.

**Coupon** – Qualifying securities must have a fixed coupon schedule.

*Exclusion* – Treasury bills, inflation-linked debt securities and original issue zero coupon securities that have been stripped from coupon-paying bonds are excluded from the Index; however, the outstanding amount of coupon-paying constituent securities remain unaffected or unadjusted by the amounts that have been stripped. Agency debt with or without a US government guarantee and securities issued or marketed primarily to retail investors also do not qualify for inclusion in the Index.

### Security Weighting

Index constituents are market capitalization weighted based on amounts outstanding reduced by amounts held by the Federal Reserve's SOMA account.

### Accrued interests and cash

Accrued interest is calculated assuming next-day settlement. Upon monthly rebalancing, all Index constituents and cash positions from coupons received during the month are consolidated and reweighted by market capitalization so cash is effectively reinvested and no cash position remains post rebalancing. Cash does not earn any reinvestment income while it is held in the Index.

### Index calculation

The daily closing Index value is a function of the prior month-end Index value and the current month-to-date return:

$$IV_{n,t} = IV_{0,t} \times (1 + TRR_{n,t})$$

where:

$IV_n$  = closing Index value on day n of month t

$IV_0$  = closing Index value on prior month-end of month t

$TRR_n$  = month-to-date Index total return on day n of month t

The month-to-date return of an Index ( $TRR_{n,t}$ ) is equal to the sum of the individual constituent returns times their respective beginning of month weights, minus the impact of transaction costs:

$$TRR_{n,t} = \sum_{i=1}^k (BTRR_{i,n,t} * W_{t_{i,0,t}}) - TC_t$$

where:

$TRR_{n,t}$  = Index month-to-date total return on day n for month t

$BTRR_{i,n,t}$  = month-to-date total return on day n of bond i for month t

$W_{t_{i,0,t}}$  = beginning of month weight of bond i for month t

$TC_t$  = transaction cost of the index for current month t

Periodic returns between any two dates can be derived from the beginning and end of period Index values. Since Index values represent closing levels, period returns will include market movement on the end of period date but exclude market movement on the beginning of period date. Therefore, to capture returns for the month of June, divide the June 30 Index value by the May 31 Index value:

$$TRR = IV_n / IV_0 - 1$$

where:



TRR = periodic total return

$IV_n$  = closing Index value on the end of period date

$IV_0$  = closing Index value on the beginning of period date

Annualized returns are derived from period total returns:

$$AnnTRR_n = (1 + TRR_n)^{365/d} - 1$$

where:

$AnnTRR_n$  = annualized total return for period n

$TRR_n$  = periodic total return for period n

d = number of actual days in period n

## ***Index Review and Maintenance***

### **Rebalancing**

The Index is rebalanced on the last calendar day of the month based on information available up to and including the third business day before the last business day of the month (the “lock-out date”). Upon monthly rebalancing, all index constituents and cash positions from coupons are consolidated and reweighted by market capitalization so that cash is effectively reinvested and no cash position remains post rebalancing. New issues must settle on or before the following calendar month end rebalancing date in order to qualify for the coming month. No changes are made to constituent holdings other than on month-end rebalancing dates.

### **Annual rules review**

The Index Provider conducts an annual rules review to consider potential rule changes. An initial set of proposed changes under consideration is generally published in April. At the end of the commentary period, final decisions are announced generally in July and adopted changes, if any, are generally implemented at the September month end rebalancing.

### ***Index Constituents and Information***

The most updated list of the constituents of the Index and their respective weightings, the last closing index level and additional information of the Index including important news are published on the website of the Index Provider at <https://indices.ice.com> (the contents of which has not been reviewed by the SFC).

Information concerning constituent bond prices, timing and conventions and index governance and administration is provided in the ICE Bond Index Methodologies, which can be accessed on the Index Provider’s website <https://indices.ice.com> (the contents of which has not been reviewed by the SFC), or by sending a request to [iceindices@ice.com](mailto:iceindices@ice.com).

Real-time updates about the Index can be obtained through financial data vendors.

### ***Index Code***

Bloomberg: IDCOT20

### ***Index Disclaimer***

Source ICE Data Indices, LLC (“ICE Data”), is used with permission. ICE ® is a service/trade mark of ICE Data Indices, LLC or its affiliates. These trademarks have been licensed, along with the ICE U.S. Treasury 20+ Year Bond Index (“Index”) for use by China Asset Management (Hong Kong) Limited in connection with ChinaAMC 20+ Year US Treasury Bond ETF (the “Product”). Neither the China Asset Management (Hong Kong) Limited, ChinaAMC Global ETF Series (the “Trust”) nor

the Product, as applicable, is sponsored, endorsed, sold or promoted by ICE Data Indices, LLC, its affiliates or its Third Party Suppliers ("ICE Data and its Suppliers"). ICE Data and its Suppliers make no representations or warranties regarding the advisability of investing in securities generally, in the Product particularly, the Trust or the ability of the Index to track general stock market performance. ICE Data's only relationship to China Asset Management (Hong Kong) Limited is the licensing of certain trademarks and trade names and the Index or components thereof. The Index is determined, composed and calculated by ICE Data without regard to the LICENSEE or the Product or its holders. ICE Data has no obligation to take the needs of the Licensee or the holders of the Product into consideration in determining, composing or calculating the Index. ICE Data is not responsible for and has not participated in the determination of the timing of, prices of, or quantities of the Product to be issued or in the determination or calculation of the equation by which the Product is to be priced, sold, purchased, or redeemed. Except for certain custom index calculation services, all information provided by ICE Data is general in nature and not tailored to the needs of LICENSEE or any other person, entity or group of persons. ICE Data has no obligation or liability in connection with the administration, marketing, or trading of the Product. ICE Data is not an investment advisor. Inclusion of a security within an index is not a recommendation by ICE Data to buy, sell, or hold such security, nor is it considered to be investment advice.

ICE DATA AND ITS SUPPLIERS DISCLAIM ANY AND ALL WARRANTIES AND REPRESENTATIONS, EXPRESS AND/OR IMPLIED, INCLUDING ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, INCLUDING THE INDICES, INDEX DATA AND ANY INFORMATION INCLUDED IN, RELATED TO, OR DERIVED THEREFROM ("INDEX DATA"). ICE DATA AND ITS SUPPLIERS SHALL NOT BE SUBJECT TO ANY DAMAGES OR LIABILITY WITH RESPECT TO THE ADEQUACY, ACCURACY, TIMELINESS OR COMPLETENESS OF THE INDICES AND THE INDEX DATA, WHICH ARE PROVIDED ON AN "AS IS" BASIS AND YOUR USE IS AT YOUR OWN RISK.

**SCHEDULE 3**  
**PROVISIONS RELATING TO THE OFFER, CREATION, REDEMPTION, LISTING AND**  
**TRADING OF THE LISTED CLASS(ES) OF UNITS**

*This Schedule 3 contains disclosure relating to the Listed Class(es) of Units only. Unless the context otherwise requires, references to “Units” and “Unitholders” in this Schedule shall be construed to refer to the Listed Class(es) of Units of the Sub-Fund or a Unitholder of such Units. Save for terms defined below, all other terms used in this Schedule shall have the same meanings as assigned to them under the main part of the Prospectus. Please refer to Schedule 4 for information relating to the offer, subscription, switching and redemption of the Unlisted Class(es) of Units.*

**THE OFFERING**

*Initial Offer Period*

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

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

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

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

Creation Applications must be made in Application Unit Size, which is currently 5,000 Units or such other numbers of Units as the Manager may determine, approved by Trustee and notified to the Participating Dealers. During the Initial Offer Period the Participating Dealers (acting for themselves or for their clients) can apply for Units on each Dealing Day at the Initial Issue Price.

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

*After Listing*

The After Listing phase commences on the Listing Date and continues until the Sub-Fund is terminated. Dealings in the Units on the SEHK are expected to commence on 17 June 2024.

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

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

*Buying and Selling of Units on the SEHK*

After Listing, investors can buy and sell Units in Trading Board Lot Size (as described in the section headed “Summary” under the sub-section “Key information applicable to Listed Class of Units only”)

or whole multiples thereof like ordinary listed stocks through an intermediary such as a stockbroker or through any of the share dealing services offered by banks or other financial advisers at any time the SEHK is open.

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

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

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

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

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

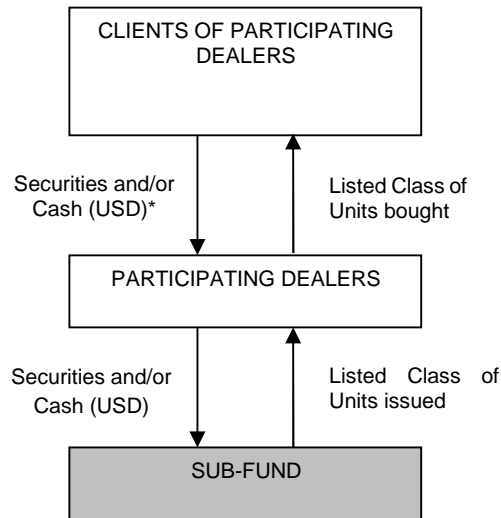
Settlement for subscribing Units is due by such time as agreed in the Operating Guidelines on the relevant Dealing Day or for redeeming of Units is due three Business Days after the Dealing Day, unless the Manager and Trustee agree with the relevant Participating Dealer to accept later settlement generally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

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

*Diagrammatic Illustration of Investment in the Listed Class(es) of Units of the Sub-Fund*

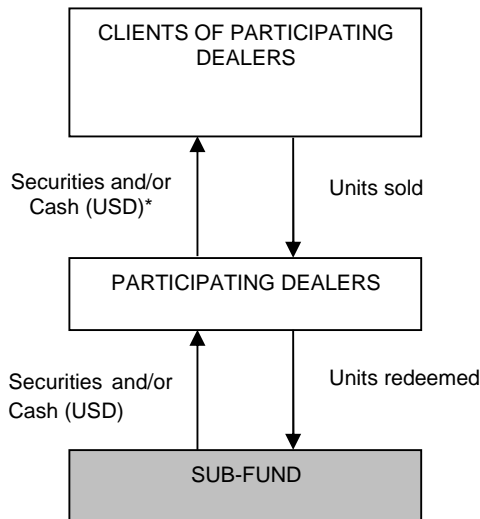
The diagrams below illustrate the issue or redemption and the buying or selling of Units:

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



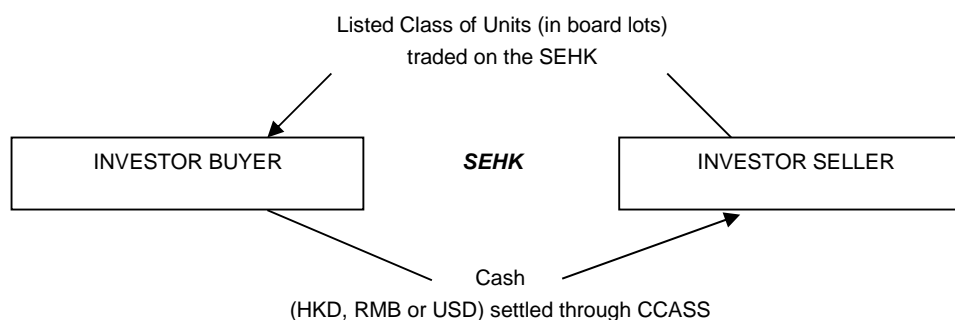
\*Clients of the Participating Dealers may agree with the Participating Dealers settlement in another currency.

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



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

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



*Summary of Offering Methods and Related fees*

**Initial Offer Period**

Method of Offering	Minimum Number of Units (or such other number of Units as determined by the Manager, approved by the Trustee and notified to the Participating Dealers)	Channel	Available to	Consideration, Fees and Charges*
Cash creation (in USD)	5,000 (Application Unit Size)	Through Participating Dealers only	Any person acceptable to the Participating Dealer as its client	<p>Cash based on the Initial Issue Price and the number of Units applied (payable in USD only unless the Participating Dealer otherwise agrees)</p> <p>Brokerage fees and/or any fees and charges imposed by the Participating Dealer (payable in USD unless the Participating Dealer otherwise agrees)</p> <p>Transaction Fee (payable in USD)</p> <p>Duties and Charges (payable in USD)</p>
In-kind creation (in USD)	5,000 (Application Unit Size)	Through Participating Dealers only	Any person acceptable to the Participating	<p>Basket(s)</p> <p>Cash Component (if any)</p>

			Dealer as its client	<p>Brokerage fees and/or any fees and charges imposed by the Participating Dealer (payable to the Participating Dealer in the currency determined by or agreed with it)</p> <p>Transaction fee (payable in USD)</p> <p>Duties and Charges (payable in USD)</p>
--	--	--	----------------------	--

**After Listing**

<b>Method of Acquisition or Disposal of Units</b>	<b>Minimum Number of Units (or such other number of Units as determined by the Manager, approved by the Trustee and notified to the Participating Dealers)</b>	<b>Channel</b>	<b>Available to</b>	<b>Consideration, Fees and Charges*</b>
Purchase and sale in cash through brokers on the SEHK (secondary market) (in HKD, USD or RMB)	Board lot of 1 Unit	On the SEHK	Any investor	<p>Market price of Units on SEHK (in HKD for HKD traded Units, in USD for USD traded Units, and in RMB for RMB traded Units)</p> <p>Brokerage fees (in such currency as determined by individual brokers), transaction levy, AFRC transaction levy and SEHK trading fee (in HKD)</p>
Cash creation and redemption (in USD)	5,000 (Application Unit Size)	Through Participating Dealers only	Any person acceptable to the Participating Dealer as its client	<p>Cash based on the Issue Price or the Redemption Value and the number of Units applied (payable in USD only unless the Participating Dealer otherwise agrees)</p> <p>Any fees and charges imposed by the Participating Dealer (payable in USD only unless the Participating Dealer otherwise agrees)</p>

				Transaction Fee (payable in USD) Duties and Charges (payable in USD)
In-kind creation and redemption (in USD)	5,000 (Application Unit Size)	Through Participating Dealers only	Any person acceptable to the Participating Dealer as its client	Basket(s) Cash Component (if any) Brokerage fees and/or any fees and charges imposed by the Participating Dealer (payable to the Participating Dealer in the currency determined by or agreed with it) Transaction fee (payable in USD) Duties and Charges (payable in USD)

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



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

### **Creation by Participating Dealers**

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

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

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

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

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

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

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

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

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

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

#### *Requirements Relating to Creation Requests by Potential Investors*

As at the date of this Prospectus, both in-kind creation (i.e. creation of Units in exchange for transfer of Securities) and cash creation are available to the Participating Dealers in respect of the Sub-Fund. A Participating Dealer may in its absolute discretion require a creation request received from its client be effected in a particular method. The Manager nonetheless reserves its right to require a Creation Application be effected in a particular method.

Notwithstanding the Multi-Counter, any cash payable by a Participating Dealer in a cash Creation Application must be in USD regardless of whether the Units are deposited into CCASS as RMB traded Units, as HKD traded Units or as USD traded Units. The process for creation of Units deposited under the RMB counter, HKD counter and USD counter is the same.

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

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

The Application Unit Size for the Sub-Fund is 5,000 Units (or multiples thereof). Creation Applications submitted in respect of Units other than in Application Unit Size will not be accepted.

#### *Creation Process*

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

To be dealt with on a Dealing Day, i.e. Day T, the relevant Participating Dealer must submit the Creation Application to the Registrar (with a copy to the Manager) before the Dealing Deadline on the Dealing Day, i.e. Day T. If a Creation Application is received on a day which is not a Dealing Day or is received after the relevant Dealing Deadline of Day T, that Creation Application shall be treated as having been received at the opening of business on the next following Dealing Day, i.e.: T+1, which shall be the relevant Dealing Day for the purposes of that Creation Application. The current Dealing Deadline After Listing is 5:30 p.m. (Hong Kong time) on the Dealing Day, or such other time as the Manager (with the written approval of Trustee) may determine on any day when the trading hours of the SEHK are reduced.

To be effective, a Creation Application must:

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

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

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

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

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

Where the Manager accepts a Creation Application from a Participating Dealer, it shall instruct the Trustee to effect (a) for the account of the Sub-Fund, the creation of Units in Application Unit Size in exchange for (i) a transfer of Basket(s) and if applicable, Cash Component (including Duties and Charges); or (ii) cash (including Duties and Charges); and (b) the issue of Units to the Participating Dealer, both in accordance with the Operating Guidelines and the Trust Deed.

Following an in-kind Creation Application from the Participating Dealer, if the Manager (i) determines in its discretion that any part of the Basket(s) is likely to be unavailable for delivery or available in insufficient quantity for a Creation Application; or (ii) is satisfied that the Participating Dealer in question is prevented by regulation or otherwise from investing or engaging in a transaction in any Security, then the Manager shall have the right, in its discretion to:

- (a) accept cash equal to or in excess of the market value at the Valuation Point on the relevant Dealing Day of such part of the Basket(s) in lieu of accepting the relevant Securities in the Basket(s); or
- (b) accept cash collateral based on such terms as it determines.

The acceptance of cash or cash collateral in lieu of Securities must both be made in accordance with the terms of the Operating Guidelines, provided that the Manager shall be entitled in its discretion to charge the relevant Participating Dealer in respect of any Units for which cash is paid or cash collateral is accepted in lieu of delivery of any part of the Basket(s) an additional sum representing the appropriate Duties and Charges and any incidental costs associated with the creation of Units.

#### *Issue of Units*

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

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

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

The creation and issue of Units pursuant to a Creation Application shall be effected on the Settlement Day following the relevant Dealing Day on which the Creation Application is received (or deemed received) and accepted in accordance with the Operating Guidelines but (i) for valuation purposes only, Units shall be deemed created and issued after the Valuation Point on the Dealing Day on which the relevant Creation Application was received or deemed received, and (ii) the register will be updated on the Settlement Day or the Dealing Day immediately following the Settlement Day if the settlement period is extended. If a Creation Application is received on a day which is not a Dealing Day or is received after the relevant Dealing Deadline on a Dealing Day, that

Creation Application shall be treated as having been received at the opening of business on the next following Dealing Day, which shall be the relevant Dealing Day for the purposes of that Creation Application. An Extension Fee may be payable in relation to such an extension. See the section on “Fees and Expenses” for further details.

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

#### *Fees Relating to Creation Applications*

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

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

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

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

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

#### **Cancellation of Creation Applications**

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

The Trustee, in consultation with the Manager, may cancel a creation order in respect of any Units deemed created pursuant to a Creation Application if it has not received (a) all Securities in the Basket(s) and if applicable, Cash Component (including Transaction Fee, Duties and Charges) relating to the Creation Application; or (b) full amount of any cash payable in connection with the relevant Creation Application (including Transaction Fee, Duties and Charges) by the Settlement Day, provided that the Manager may at its discretion (i) extend the settlement period (either for the Creation Application as a whole or for a particular Security) such extension to be on such terms and conditions (including as to the payment of any fees including Extension Fee or collateral to the Manager, the Trustee or their respective Connected Persons or otherwise as it may determine) as the Manager and the Trustee may determine and in accordance with the provisions of the Operating Guidelines; or (ii) partially settle the Creation Application to the extent to which Securities, Cash Component and/or cash have been vested in, or to the account of the Trustee, on such terms and conditions as the Manager may with the approval of the Trustee determine including terms as to any extension of the settlement period for the outstanding Securities, Cash Component and/or cash.

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

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

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

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

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

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

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

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

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

Each Participating Dealer has indicated to the Manager that it will generally accept and submit redemption request(s) received from you as its client(s), subject always to (i) mutual agreement between the relevant Participating Dealer and you as to its fees for handling such request(s); (ii)

completion to its satisfaction of client acceptance procedures and requirements; (iii) no objection from the Manager to redeem Units for the relevant Participating Dealer on your behalf (please refer to the sub-section on “Redemption Process” below for the examples of exceptional circumstances under which the Manager shall have the right to reject a Redemption Application); and (iv) mutual agreement between the relevant Participating Dealer and you as to the method of effecting such redemption request(s).

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

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

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

As at the date of this Prospectus, both in-kind redemption (i.e. redemption of Units in exchange for transfer of Securities) and cash redemption are available to the Participating Dealers in respect of the Sub-Fund. A Participating Dealer may in its absolute discretion require a redemption request received from its client be effected in a particular method. The Manager nonetheless reserves its right to require a Redemption Application be effected in a particular method. Specifically, the Manager has the right to instruct the Trustee to deliver cash equivalent of any Security in connection with the Redemption Application to the Participating Dealer if (a) such Security is likely to be unavailable for delivery or available in insufficient quantity for delivery in connection with the Redemption Application; or (b) the Participating Dealer is restricted by regulation or otherwise from investing or engaging in a transaction in that Security.

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

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

redemption requests received from clients. In addition, neither the Trustee nor the Manager can ensure effective arbitrage by a Participating Dealer.

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

### *Redemption Process*

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

To be dealt with on a Dealing Day, i.e. Day T, the relevant Participating Dealer must submit the Redemption Application to the Registrar (with a copy to the Manager) before the Dealing Deadline on the Dealing Day, i.e.: Day T. If a Redemption Application is received on a day which is not a Dealing Day or is received after the relevant Dealing Deadline of Day T, that Redemption Application shall be treated as having been received at the opening of business on the next following Dealing Day, which shall be the relevant Dealing Day for the purposes of that Redemption Application. The current Dealing Deadline After Listing is 5:30 p.m. (Hong Kong time) on the Dealing Day, or such other time as the Manager (with the written approval of Trustee) may determine on any day when the trading hours of the SEHK are reduced.

To be effective, a Redemption Application must:

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

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

- (a) any period during which (i) the creation or issue of Units of the Sub-Fund, (ii) the redemption of Units of the Sub-Fund, and/or (iii) the determination of Net Asset Value of the Sub-Fund is suspended;
- (b) where in the opinion of the Manager, acceptance of the Redemption Application would have an adverse effect on the Sub-Fund;
- (c) where there is in existence any trading restriction or limitation such as the occurrence of a market disruption event, suspected market misconduct or the suspension of dealing in relation to any of the Securities in the Index;
- (d) where acceptance of the Redemption Application would render the Manager in breach of any regulatory restriction or requirement, internal compliance or internal control restriction



or requirement of the Manager necessary for compliance with applicable legal and regulatory requirements;

- (e) circumstances outside the control of the Manager make it for all practicable purposes impossible to process the Redemption Application; or
- (f) during any period when the business operations of the Manager, the Trustee or any delegate of the Manager or the Trustee in relation to the Sub-Fund are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riots, strikes or acts of God.

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

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

Where the Manager accepts a Redemption Application from a Participating Dealer, it shall (a) effect the redemption and cancellation of the relevant Units; and (b) require the Trustee to transfer to the Participating Dealer Securities constituting the Basket(s) and if applicable, Cash Component, both in accordance with the Operating Guidelines and the Trust Deed.

The Participating Dealer will then transfer the Securities constituting the Basket(s) and if applicable, Cash Component to the relevant client if the Redemption Application was submitted by the Participating Dealer for the account of its client.

#### *Redemption of Units*

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

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

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

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

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

#### *Fees relating to Redemption Applications*

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

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

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

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

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

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

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

## Deferred Redemption

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

## Suspension of Creations and Redemptions

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

- (a) during any period when trading on the SEHK or any other Recognised Stock Exchange or Recognised Futures Exchange is restricted or suspended;
- (b) during any period when a market on which a Security (that is a component of the Index) has its primary listing, or the official clearing and settlement depository (if any) of such market, is closed;
- (c) during any period when dealing on a market on which a Security (that is a component of the Index) has its primary listing is restricted or suspended;
- (d) during any period when, in the opinion of the Manager, settlement or clearing of Securities and/or Futures Contracts in the official clearing and settlement depository (if any) of such market is disrupted;
- (e) during the existence of any state of affairs as a result of which delivery or purchase of Securities and/or Futures Contracts, as appropriate or disposal of investments for the time being comprised in the Sub-Fund cannot, in the opinion of the Manager, be effected normally or without prejudicing the interests of Unitholders of the Sub-Fund;
- (f) during any period when the Index is not compiled or published;
- (g) during any breakdown in any of the means normally employed in determining the Net Asset Value of the Sub-Fund or when for any other reason the value of any Securities and/or Futures Contracts or other property for the time being comprised in the Sub-Fund cannot, in the opinion of the Manager, reasonably, promptly and fairly be ascertained;
- (h) during any period when the determination of the Net Asset Value of the Sub-Fund is suspended or if any circumstance specified in the section on "Suspension of Net Asset Value" above arises; or

- (i) during any period when the business operations of the Manager, the Trustee or any delegate of the Manager or the Trustee in respect of the Sub-Fund are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riot, strikes or acts of God.

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

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

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

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

A suspension shall remain in force until the earlier of (a) the Manager declaring the suspension is at an end; and (b) the first Dealing Day on which (i) the condition giving rise to the suspension shall have ceased to exist; and (ii) no other condition under which suspension is authorised exists.

### **Evidence of Unitholding**

Units will be deposited, cleared and settled by the CCASS. Units are held in registered entry form only, which means that no Unit certificates are issued. HKSCC Nominees Limited is the registered owner (i.e. the sole holder of record) of all outstanding Units deposited with the CCASS and is holding such Units for the participants in accordance with the General Rules of HKSCC. Furthermore, the Trustee and the Manager acknowledge that pursuant to the General Rules of HKSCC neither HKSCC Nominees Limited nor HKSCC has any proprietary interest in the Units. Investors owning Units in CCASS are beneficial owners as shown on the records of the participating brokers or the relevant Participating Dealer(s) (as the case may be) who are CCASS participants.

### **Restrictions on Unitholders**

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

- (a) a breach of the law or requirements of any country or governmental authority or any stock exchange on which the Units are listed in circumstances which, in the Manager's opinion, might result in the Trust or the Sub-Fund suffering any adverse effect which the Trust or the Sub-Fund might not otherwise have suffered; or
- (b) in the circumstances which, in the Manager's opinion, might result in the Trust or the Sub-Fund, the Trustee or the Manager incurring any liability to taxation or suffering any other potential or actual pecuniary disadvantage or might result in the Trust or the Sub-Fund, the

Trustee or the Manager being subject to any additional regulatory compliance which the Trust or the Sub-Fund, the Trustee or the Manager might not otherwise have incurred, suffered or been subject to; or

- (c) in breach of, or deemed by the Manager to be in breach of, any applicable anti-money laundering or identification verification or national status or residency requirements imposed on him (whether under the terms of any underlying investment arrangement or otherwise) including without limitation the issue of any warranty or supporting document required to be given to the Trustee and the Manager.

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

### **Transfer of Units**

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

## EXCHANGE LISTING AND TRADING (SECONDARY MARKET)

### General

Dealings on the SEHK began on 17 June 2024.

Units are neither listed nor dealt on any other stock exchange and no application for such listing or permission to deal is being sought as at the date of this Prospectus. Application may be made in the future for a listing of Units on 1 or more other stock exchanges.

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

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

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

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

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

Subject to the granting of listing of, and permission to deal in, the Units on the SEHK as well as the compliance with the stock admission requirements of HKSCC, the Units will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Units on the SEHK or on any other date HKSCC chooses. Settlement of transactions between participants of the SEHK is required to take place in CCASS on the second CCASS Settlement Day after any trading day. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

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

### Renminbi Equity Trading Support Facility

The Renminbi Equity Trading Support Facility (the "TSF") was launched on 24 October 2011 by HKEx to provide a facility to enable investors who wish to buy RMB-traded shares (RMB shares) in the secondary market with HKD if they do not have sufficient RMB or have difficulty in obtaining RMB from other channels. With effect from 6 August 2012, the coverage of TSF was extended and the Sub-Fund is eligible for the TSF. As such the TSF is currently available to investors who wish to invest in the Sub-Fund by purchasing Units trading in RMB on the SEHK. Investors should consult their financial advisers if they have any questions concerning the TSF.

## **Multi-Counter (for Distributing Listed Class of Units) and single counter (for Accumulating Listed Class of Units)**

The Manager has arranged for the Distributing Listed Class of Units to be available for trading on the secondary market on the SEHK under a Multi-Counter arrangement. Units are denominated in USD. Despite the Multi-Counter arrangement the creation of new Units and redemption of Units in the primary market are settled in USD only. The Sub-Fund offers three trading counters on the SEHK for the Distributing Listed Class of Units (i.e. HKD counter, USD counter and RMB counter) and one counter on the SEHK for the Accumulating Listed Class of Units (i.e. USD counter) to investors for secondary trading purposes. Units traded in HKD counter will be settled in HKD, Units traded in USD counter will be settled in USD, Units traded in RMB counter will be settled in RMB. Apart from settlement in different currencies, the trading prices of Units in the counters may be different as HKD counter, USD counter and RMB counter are distinct and separate markets.

Units traded on all counters are of the same class and all Unitholders of all counters are treated equally. Listed Classes of Units traded on different counters will have different stock codes, different stock short names and different ISIN numbers as follows

- in respect of the Distributing Listed Class of Units, HKD counter and traded Units have a SEHK stock code 3146 and a short name "CAM 20 UST"; RMB counter and traded Units have a SEHK stock code 83146 and a short name "CAM 20 UST-R" whilst the USD counter and traded Units have a SEHK stock code 9146 and a short name "CAM 20 UST-U". The ISIN for HKD counter and traded Units is HK0001006771, the ISIN for USD counter and traded Units is HK0001006797 and the ISIN for RMB counter and traded Units is HK0001006789; and
- in respect of the Accumulating Listed Class of Units, the USD counter and traded Units have a SEHK stock code 9446 and a short name "CAM 20 UST A-U". The ISIN for USD counter and traded Units is HK0001006805.

In respect of Distributing Listed Class of Units which has Multi-Counter arrangement, normally, investors can buy and sell Units traded in the same counter or alternatively buy in one counter and sell in the other counter provided their brokers provide both HKD, USD and RMB trading services (as the case may be) at the same time and offer inter-counter transfer services to support Multi-Counter trading. Inter-counter buy and sell is permissible even if the trades take places within the same trading day. However, investors should note that the trading price of Units traded in the HKD counter, USD counter or RMB counter may be different and may not always maintain a close relationship depending on factors such as market demand and supply and liquidity in each counter.

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

## SCHEDULE 4

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

*This Schedule 4 contains disclosure relating to the Unlisted Class(es) of Units only. Unless the context otherwise requires, references to “Units” and “Unitholders” in this Schedule shall be construed to refer to an Unlisted Class of Units of the Sub-Fund or a Unitholder of such Units. Save for terms defined below, all other terms used in this Schedule shall have the same meanings as assigned to them under the main part of the Prospectus.*

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

##### Initial Issue of Units

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

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

##### Subsequent issue of Units

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

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

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

The Manager may require an applicant to pay, in addition to the Subscription Price of the subscription proceeds and any subscription fee, a further amount which it reasonably considers to represent an appropriate allowance for (a) estimated bid/offer spread of the investments of the Sub-Fund, (b) extraordinary transactional fees or expenses, including stamp duty, other taxes, brokerage, bank charges, transfer fees or registration fees, or (c) other charges which are customarily incurred in investing a sum equal to the application monies and issuing the relevant Units or of delivery or issue of certificates in respect thereof or the remittance of money to the Trust



(the “Subscription Adjustment Allowance”). Any such Subscription Adjustment Allowance will be paid to the Trust and will form part of the assets of the Sub-Fund or the relevant Class.

### **Application Procedure**

To subscribe for Units, an applicant should complete a subscription application form and return the application form, together with the required supporting documents, to the Manager by facsimile or other electronic means (as may be agreed between the Manager and the Trustee). The original application form is not required to be submitted unless otherwise required by the Manager or the Trustee. Applicants who choose to send an application form by facsimile or other electronic means bear the risk of the form not being received by the Manager. Applicants should therefore, for their own benefit, confirm with the Manager safe receipt of an application form. None of the Manager, the Registrar or the Trustee will be responsible to an applicant for any loss resulting from non-receipt or illegibility of any application form sent by facsimile or other electronic means or for any loss caused in respect of any action taken as a consequence of such application believed in good faith to have originated from properly authorised persons.

Applications for Units during the Initial Offer Period must be received by the Manager no later than 4:00 p.m. (Hong Kong time) on the last day of the Initial Offer Period. After the Initial Offer Period, applications must be received by the Manager by the Subscription Deadline. Application requests submitted after the applicable Subscription Deadline in respect of any Dealing Day will be dealt with on the next Dealing Day.

Each applicant whose application is accepted will be sent a contract note confirming details of the purchase of relevant Unlisted Class(es) of Units but no certificates will be issued.

Applicants may apply for Units through a distributor appointed by the Manager. Distributors may have different dealing procedures, including earlier cut-off times for receipt of applications and/or cleared funds. Applicants who intend to apply for Units through a distributor should therefore consult the distributor for details of the relevant dealing procedures.

Where an applicant applies for Units through a distributor, the Manager will treat the distributor (or its nominee) as the applicant. The distributor (or its nominee) will be registered as Unitholder of the relevant Unlisted Class(es) of Units. The Manager will treat the distributor (or its nominee) as the Unitholder and shall not be responsible for any arrangements between the relevant applicant and the distributor regarding the subscription, holding and redemption of Units and any related matters, as well as any costs or losses that may arise therefrom. The Manager will, however, take all reasonable care in the selection and appointment of distributors.

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

The Manager may, at its discretion, reject in whole or in part any application for Units. In the event that an application is rejected, application monies will be returned without interest and net of expenses by telegraphic transfer or by such other means as the Trustee considers appropriate at the risk of the applicant.

No applications for Units will be dealt with during any periods in which the determination of the Net Asset Value of the Sub-Fund is suspended (for details see “Suspension of Determination of Net Asset Value” in this Prospectus).

Please also refer to the section headed “Suspension of the issue, subscription and redemption of Unlisted Class(es) of Units” below regarding suspension of issue and subscription of Units.

### **Payment Procedure**

Subscription monies should be paid in the Class Currency of the relevant Unlisted Class of Units.

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

Subscription monies paid by any person other than the applicant will not be accepted.

The Manager may exercise its discretion to accept late payment of subscription monies, provisionally allot Units by reference to the Net Asset Value of the relevant class of Units in the Sub-Fund and charge interest on such overdue monies until payment is received in full, at such rate as the Manager thinks appropriate. However, if payment of subscription monies in cleared funds are not made within such period as determined by the Manager, the application may, at the discretion of the Manager, be considered void and cancelled. Upon such cancellation, the relevant Units shall be deemed never to have been issued and the applicant shall have no right to claim against the Manager or the Registrar and any loss will be borne by the applicant, provided that: (i) no previous valuations of the Sub-Fund shall be re-opened or invalidated as a result of the cancellation of such Units; (ii) the Manager may require the applicant to pay, for the account of the Sub-Fund, in respect of each such Unit cancelled, the amount (if any) by which the Subscription Price on the relevant Dealing Day exceeds the applicable Redemption Price on the date of cancellation; and (iii) the Trustee shall be entitled to charge the applicant a cancellation fee for the administrative costs involved in processing the application and subsequent cancellation.

Payment in other freely convertible currencies may be accepted. Where amounts are received in a currency other than the relevant Class Currency, they will be converted into the relevant Class Currency and the proceeds of conversion (after deducting the costs of such conversions) will be applied in the subscription of Units in the relevant Unlisted Class(es) of Units of the Sub-Fund. Conversion of currencies may involve delay. Bank charges (if any) incurred in converting the subscription monies shall be borne by the relevant applicant and accordingly will be deducted from the subscription proceeds.

## **General**

All holdings of Units will be in registered form and certificates will not be issued. Evidence of title of Units will be the entry on the register of Unitholders of the Sub-Fund. Unitholders should therefore be aware of the importance of ensuring that the Registrar is informed of any change to the registered details. Fractions of a Unit may be issued rounded down to the nearest 4 decimal places. Subscription monies representing smaller fractions of a Unit will be retained by the Sub-Fund. A maximum of 4 persons may be registered as joint Unitholders.

## **REDEMPTION OF UNLISTED CLASS(ES) OF UNITS**

### **Redemption procedure**

Unitholders of Units who wish to redeem their Units in the Sub-Fund may do so on any Dealing Day by submitting a redemption request to the Manager.

Any redemption request must be received by the Manager before the Redemption Deadline. Investors redeeming Units through a distributor (or its nominee) should submit their redemption requests to the distributor (or its nominee) in such manner as directed by the distributor (or its nominee). Distributors (or their nominees) may have different dealing procedures, including earlier cut-off times for receipt of redemption requests. Where an investor holds its investment in Units through a distributor (or its nominee), the investor wishing to redeem such Units must ensure that the distributor (or its nominee), as the registered Unitholder, submits the relevant redemption request by the Redemption Deadline. Redemption requests submitted after the applicable Redemption Deadline in respect of any Dealing Day will be dealt with on the next Dealing Day.

A redemption request may be sent by facsimile or other electronic means (as may be agreed between the Manager and the Trustee) from time to time determined by the Manager. The redemption request must specify: (i) the name of the Sub-Fund, (ii) the relevant class and the value or number of Units to be redeemed, (iii) the name(s) of the registered Unitholder(s) and (iv) payment instructions for the redemption proceeds.

A Unitholder who chooses to send an application form by facsimile or other electronic means bears the risk of the form not being received by the Manager. Unitholders should therefore, for their own benefit, confirm with the Manager safe receipt of a redemption request. None of the Manager, the Registrar or the Trustee will be responsible to a Unitholder for any loss resulting from non-receipt or illegibility of any redemption request sent by facsimile or other electronic means or for any loss caused in respect of any action taken as a consequence of such request believed in good faith to have originated from properly authorised persons.

Partial redemption of a holding of Units in an Unlisted Class of Units of the Sub-Fund by a Unitholder may be effected, provided that such redemption will not result in the Unitholder holding Units less than the minimum holding for that class specified in the section headed "Summary" under the sub-section "Key Information applicable to Unlisted Class(es) of Units only". In the event that, for whatever reason, a Unitholder's holding of Units is less than such minimum holding for that Class, the Manager may give notice requiring such Unitholder to submit a redemption request in respect of all the Units of that Unlisted Class of Units held by that Unitholder or deem such request to have been made in respect of all Units of the relevant Unlisted Class of Units held by the Unitholder. A request for a partial redemption of Units with an aggregate value of less than the minimum amount for such class of Units specified in the section headed "Summary" under the sub-section "Key Information applicable to Unlisted Class(es) of Units only" will not be accepted.

All redemption requests must be signed by the Unitholder or, in the case of joint Unitholders, such one or more joint Unitholders who have been authorised to sign such requests on behalf of the other joint Unitholders (where such authorisation has been notified in writing to the Registrar) or, in the absence of such notification, by all joint Unitholders.

### **Payment of redemption proceeds**

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

## Sub-Fund.

The Trustee in consultation with the Manager is entitled to deduct from the Redemption Price an amount which it considers represents an appropriate allowance for (a) estimated bid/offer spread of the investments of the Sub-Fund, (b) extraordinary transactional fees or expenses, including stamp duty, other taxes, brokerage, bank charges, transfer fees or registration fees, or (c) other charges which are customarily incurred in selling the Securities constituting the Trust Fund of the Sub-Fund or the remittance of money to the Trustee (the "Redemption Adjustment Allowance"). Any such Redemption Adjustment Allowance will be retained by the Trust on behalf of the Sub-Fund and will form part of the Trust Fund of the Sub-Fund or the relevant Class of Units.

The Manager may at its option impose a redemption fee in respect of an Unlisted Class of Units to be redeemed as described in the section headed "Fees and Expenses" in this Prospectus. The Manager may, either generally or in any particular case, differentiate as to the amount of the redemption fee to be levied in respect of different classes of Units and/or allow to persons a discount to the redemption fee on such basis or on such scale as the Manager may think fit.

The amount due to a Unitholder on the redemption of an Unit of an Unlisted Class will be the Redemption Price, less any redemption fee and Redemption Adjustment Allowance. The redemption fee will be retained by the Manager.

Unitholders should note that redemption proceeds will not be paid to any Unitholder until (a) the duly signed original written redemption request (if such original is required by the Manager) and all other supporting documents, if any are required, have been received by the Manager; (b) the signature of the Unitholder (or each joint Unitholder) has been verified to the satisfaction of the Trustee; and (c) any such other procedures as the Registrar may reasonably require have been completed. Subject as mentioned above, and save as otherwise agreed by the Manager, and so long as relevant account details have been provided, redemption proceeds will normally be paid at the risk and expense of the redeeming Unitholder in the Class Currency of the Sub-Fund by telegraphic transfer within three Business Days after the relevant Dealing Day to the relevant distributor (or its nominee)'s account, after which the redemption proceeds will be normally transferred to the respective Unitholder within one Business Day by the distributor after the distributor has received such redemption proceeds, subject to the transferal arrangement between the distributor and the Unitholder. In any event, the redemption proceeds will be paid within one calendar month of the relevant Dealing Day or (if later) receipt of a properly documented redemption request, unless the market(s) in which a substantial portion of the Sub-Fund's investments is made is subject to legal or regulatory requirements (such as foreign currency controls) thus rendering the payment of redemption proceeds within the aforesaid time period not practicable, but in such a case the details of such legal or regulatory requirements will be set out in this Prospectus and the extended time frame for payment should reflect the additional time needed in light of the specific circumstances in the relevant market(s). Any bank and other administrative charges associated with the payment of such redemption proceeds as well as the costs incurred in currency conversion, if any, will be borne by the redeeming Unitholder and deducted from the redemption proceeds. With the prior consent of the Manager, arrangements can be made for redemption proceeds to be paid in any major currency other than the Class Currency of the relevant Unlisted Class(es) of Units of the Sub-Fund being redeemed. Payment will only be made to a bank account in the name of the Unitholder. No third party payments will be made.

The Trust Deed provides that redemptions may be, in whole or in part, made *in specie* at the discretion of the Manager. However, the Manager does not intend to exercise this discretion in respect of the Sub-Fund. In any event, redemptions may only be made in specie, in whole or in part, with the consent of the Unitholder requesting the redemption.

## **Suspension of redemptions**

The Manager shall, in consultation with the Trustee, having regard to the best interests of Unitholders, have the right to suspend the redemption of Units, or delay the payment of redemption

proceeds in respect of any redemption request received, during any period in which the determination of the Net Asset Value of the Sub-Fund is suspended (for details please see the section headed "Suspension of determination of Net Asset Value" in this Prospectus).

Please also refer to the section headed "Suspension of the issue, subscription and redemption of Unlisted Class(es) of Units" below.

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

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

In the event of such rejection, the Manager shall notify the relevant Unitholder and the Trustee of its decision to reject such redemption application.

### **Deferred Redemption**

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

### **Restrictions on Unitholders**

The Manager has power to impose such restrictions as it may think necessary for the purpose of

ensuring that no Units are acquired or held which would result in such holding being:

- (a) a breach of the law or requirements of any country or governmental authority in circumstances which, in the Manager's opinion, might result in the Trust or the Sub-Fund suffering any adverse effect which the Trust or the Sub-Fund might not otherwise have suffered; or
- (b) in the circumstances which, in the Manager's opinion, may result in the Trust or the Sub-Fund incurring any tax liability or suffering any other pecuniary disadvantage which the Trust or the Sub-Fund might not otherwise have incurred or suffered.

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

### **Transfer of Units**

The Trust Deed provides that a Unitholder may transfer Units with the consent of the Manager. An investor is entitled to transfer such Units held by him by an instrument in writing in such form as the Trustee may from time to time approve. A transferor will be deemed to remain the Unitholder of the Units transferred until the name of the transferee is entered in the register of Unitholders in respect of the Units being transferred. Each instrument of transfer must relate to a single Sub-Fund only.

### **General**

Fractions of a Unit may be redeemed rounded down to the nearest 4 decimal places. Redemption monies representing smaller fractions of a Unit will be retained by the Sub-Fund.

## SWITCHING OF UNLISTED CLASS(ES) OF UNITS

The Manager may from time to time permit Unitholders to switch some or all of their Units of an Unlisted Class of Units of the Sub-Fund (the “Existing Class”) into the Units of an Unlisted Class of Units, whether in respect of the same Sub-Fund or any other sub-funds managed by the Manager or its Connected Persons, and which has been authorised by the SFC (the “New Class”). Any switching will be carried out by way of redeeming the Units in the Existing Class held by the relevant Unitholders in accordance with the redemption procedures set out in the section headed “Redemption of Unlisted Class(es) of Units” above and then by re-investing the redemption proceeds thereof in an Unlisted Class of Units of the same Sub-Fund in accordance with the subscription procedures set out in the section “Subscription of Unlisted Class(es) of Units” above or in such other sub-funds in accordance with the provisions of the relevant offering documents for such other sub-funds (as the case may be).

A request for the switching of part of a holding of Units will not be effected if, as a result, the Unitholder would hold less than the minimum holding specified for the New Class (if any) and/or the Existing Class.

Under the Trust Deed, the Manager is entitled to impose a switching fee on the switching of Units of up to 5% of the redemption proceeds payable in respect of the Unlisted Class of Units of the Existing Sub-Fund being switched. The switching fee will be deducted from the amount reinvested in the New Fund and will be paid to the Manager.

Where a request for switching is received by the Manager prior to the Redemption Deadline in respect of a Dealing Day, switching will be effected as follows:

- (a) redemption of the Units of the Existing Class will be dealt with by reference to the Redemption Price on that Dealing Day (the “Switching Redemption Day”) subject to paragraph (c) below;
- (b) where the Existing Class and the New Class have different Class Currencies, the redemption proceeds of the Existing Class, after deduction of any switching fee, shall be converted into the Class Currency of the New Class and the switching investor will bear the currency conversion gain or loss (if any); and
- (c) the resulting amount will be used to subscribe for units of the New Class at the relevant subscription price on the relevant Dealing Day in respect of the New Class (the “Switching Subscription Day”). The Switching Subscription Day shall be the same day as the Switching Redemption Day (in the case where the relevant Dealing Day of the Existing Class is not a dealing day in respect of the New Class, the Switching Redemption Day will be the immediately following Dealing Day that is a dealing day for the New Class), provided that the Trustee shall receive cleared funds in the Class Currency of the New Class within such period as determined by the Manager. In the event that cleared funds are not received within the applicable period, the Switching Subscription Day shall be the day on which the Trustee receives cleared funds in the relevant currency by the deadline for cleared funds of the New Class.

The Manager may suspend the switching of Units during any period in which the determination of the Net Asset Value of the Sub-Fund is suspended (for details see “Suspension of Determination of Net Asset Value” in this Prospectus).

Investors should note that switching between Listed Class of Units and Unlisted Class(es) of Units by a Participating Dealer or otherwise is not available.

## **SUSPENSION OF THE ISSUE, SUBSCRIPTION AND REDEMPTION OF UNLISTED CLASS(ES) OF UNITS**

The Manager may at its discretion (in consultation with the Trustee) and having regard to the best interests of the Unitholders, suspend the issue and/or redemption of Units of any class of the Sub-Fund and/or (subject to all applicable legal or regulatory requirements where payment of redemption proceeds exceeds one calendar month) delay the payment of any monies and transfer of any Securities and/or Futures Contracts of any redemption application in the following circumstances:

- (a) during any period when a market on which a Security (that is a component of the Index) has its primary listing, or the official clearing and settlement depository (if any) of such market, is closed;
- (b) during any period when dealing on a market on which a Security (that is a component of the Index) is restricted or suspended;
- (c) during any period when, in the opinion of the Manager, settlement or clearing of Securities and/or Futures Contracts, as the case may be, in the official clearing and settlement depository (if any) of such market is disrupted;
- (d) during the existence of any state of affairs as a result of which delivery or purchase of Securities and/or Futures Contracts, as the case may be, as appropriate or disposal of investments for the time being comprised in the Sub-Fund cannot, in the opinion of the Manager, be effected normally or without prejudicing the interests of Unitholders of the Sub-Fund;
- (e) during any period when the Index is not compiled or published;
- (f) during any breakdown in any of the means normally employed in determining the Net Asset Value of the Sub-Fund or the Net Asset Value per Unit of the relevant class or when for any other reason the value of any Securities and/or Futures Contracts or other property for the time being comprised in the Sub-Fund cannot, in the opinion of the Manager, reasonably, promptly and fairly be ascertained;
- (g) during any period when the determination of the Net Asset Value of the Sub-Fund is suspended or if any circumstance specified in the section on "Suspension of Determination of Net Asset Value" in this Prospectus arises; or
- (h) during any period when the business operations of the Manager, the Trustee or any delegate of the Manager or the Trustee in respect of an application in the Sub-Fund are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riot, strikes or acts of God.

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



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

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

A suspension shall remain in force until the earlier of (a) the Manager declaring the suspension is at an end; and (b) the first Dealing Day on which (i) the condition giving rise to the suspension shall have ceased to exist; and (ii) no other condition under which suspension is authorised exists.

## ANTI-DILUTION PRICING ADJUSTMENT

The Manager will, after consultation with the Trustee, adopt a pricing adjustment mechanism (commonly known as “swing pricing”) in order to mitigate any adverse impact caused by a dilution of the Sub-Fund and may adjust upwards or downwards the Net Asset Value per Unit of the Unlisted Classes of Units of the Sub-Fund or the relevant Unlisted Class of Units in determining the Subscription Price and/or the Redemption Price. For the avoidance of doubt, such adjustment will be made to all Unlisted Classes of Units of the Sub-Fund equally.

Purchasing or selling the underlying assets of the Sub-Fund in response to a significant amount of net subscriptions or net redemptions may have a dilution effect on a Sub-Fund’s assets due to dealing and other associated costs (including, but not limited to, bid-offer spreads, brokerage, taxes and government charges) and therefore impact the Unitholders.

If, on a particular Dealing Day, the aggregate net transactions (either net subscriptions or net redemptions) of the Sub-Fund exceed the threshold as pre-determined by the Manager in consultation with the Trustee from time to time, the Net Asset Value per Unit of the relevant Sub-Fund or the relevant Class may be adjusted upwards (downwards) by an amount not exceeding 1% of that Net Asset Value per Unit in order to mitigate the dilution effect and to protect the interests of the Unitholders. The threshold is determined by the Manager taking into account factors including but not limited to the prevailing market conditions, the estimated dilution costs and the size of the Sub-Fund.

The rate of adjustment may temporarily increase beyond the aforesaid percentage under exceptional circumstances (including but not limited to extreme market conditions which may have an unfavourable impact on the interests of existing Unitholders) if the Manager considers in good faith that it is in the best interests of the Unitholders as a whole. Such pre-determined threshold(s) will be determined and reviewed on a periodic basis by the Manager. The Manager will consult the Trustee prior to any aforesaid adjustment. Any additional amount as a result of such adjustment will be retained by the Sub-Fund and will form part of the assets of the Sub-Fund of the relevant Class.

For the avoidance of doubt,

- (a) the Manager will only apply the swing pricing in one direction on any given Dealing Day, i.e. the Subscription Price will not be adjusted upwards and the Redemption Price will not be adjusted downwards for the same Dealing Day;
- (b) the Subscription Price and the Redemption Price, prior to any swing pricing adjustment, will be determined with reference to the same Net Asset Value per Unit of the relevant Class;
- (c) any adjustment to the Subscription Price or the Redemption Price must be made on a fair and equitable basis; and
- (d) the adjusted Net Asset Value after applying the swing pricing adjustment will be used for all transactions made on that particular Dealing Day.

Investors should note that adjusting the Net Asset Value per Unit upward (downward) will result in investors paying more (receiving less) for each Unit upon Subscription (Redemption). Also, as the swing pricing will only be applied in one direction on a Dealing Day, the adjustment made to the Subscription Price or the Redemption Price (as the case may be) may benefit certain investors relative to other Unitholders in the Sub-Fund as a whole. For instance, investors subscribing into the Sub-Fund on a Dealing Day on which the Net Asset Value is adjusted downwards as a result of net redemptions from the Sub-Fund may benefit from paying a lower Subscription Price in respect of their subscriptions than they would otherwise have been charged.