

**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 Sub-Fund(s) which may offer (i) both exchange-traded class of Units and unlisted (not exchange-traded) class(es) of Units; (ii) exchange-traded class of Units only; or (iii) unlisted (not exchange-traded) class(es) of Units only.

# Taikang Hong Kong ETF Series

*(a Hong Kong umbrella unit trust authorised under Section 104 of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong))*



## Taikang Hong Kong USD Money Market ETF

*(HKD Counter Stock Code: 3176 USD Counter Stock Code: 9176)*

## Taikang Hong Kong HKD Money Market ETF

*(Stock Code: 3457)*

# PROSPECTUS

*Manager*

**Taikang Asset Management (Hong Kong) Company Limited**

*Listing Agent*

**Altus Capital Limited**

**January 2026**

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 ("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 Trust and each Sub-Fund have each been authorised as collective investment schemes by the SFC. SFC authorisation is not a recommendation or endorsement of the Trust or any of the Sub-Funds nor does it guarantee the commercial merits of the Trust, any of the Sub-Funds or their performance. It does not mean the Trust or the Sub-Funds are suitable for all investors nor is it an endorsement of their suitability for any particular investor or class of investors.

## IMPORTANT INFORMATION

This Prospectus relates to the offer in Hong Kong of Units in the Taikang Hong Kong ETF Series (“**Trust**”), an umbrella unit trust established under Hong Kong law by a trust deed dated 7 January 2026, as amended and supplemented from time to time, entered into between Taikang Asset Management (Hong Kong) Company Limited (“**Manager**”) and CMB Wing Lung (Trustee) Limited (“**Trustee**”). The Trust can have a number of sub-funds (each a “**Sub-Fund**”). Where specified in the relevant Appendix, a Sub-Fund may issue (i) both exchange-traded class of Units (“**Listed Class Units**”) and unlisted (not exchange-traded) class(es) of Units (“**Unlisted Class Units**”), (ii) Listed Class Units only, or (iii) Unlisted Class Units only. For Unlisted Class Units, a Sub-Fund may offer both tokenised class of Units and non-tokenised class 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 a Sub-Fund. It contains important facts about each Sub-Fund whose Units are offered in accordance with this Prospectus. A product key facts statement (“**KFS**”) which contains the key features and risks of each Sub-Fund is also issued by the Manager and such KFS shall form part of the offering document, and shall be read, in conjunction with, this Prospectus. For a Sub-Fund which issues both Listed Class Units and Unlisted Class Units, a separate set of KFS will be available for the Listed Class Units and Unlisted Class Units.

The Manager accepts full responsibility for the accuracy of the information contained in this Prospectus and the KFS of each Sub-Fund, and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement in this Prospectus or any KFS misleading. This Prospectus and the KFS may from time to time be updated. The Manager also confirms that this Prospectus includes particulars given in compliance with the Code on Unit Trusts and Mutual Funds (“**Code**”), the “Overarching Principles” of the SFC Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Structured Investment Products, and (in respect of the Listed Class Units) the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purposes of giving information with regard to the Units of each Sub-Fund. The Trustee is not responsible for the preparation or issue 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 headed “**MANAGEMENT OF THE TRUST AND SUB-FUNDS**” of this Prospectus.

The Trust and each Sub-Fund are authorised by the SFC under section 104 of the SFO. The SFC takes no responsibility for the financial soundness of the Trust, any 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 the Trust or any of the Sub-Funds nor does it guarantee the commercial merits of the Company, any of the Sub-Funds or their performance. It does not mean the Trust or the Sub-Funds are suitable for all investors nor is it an endorsement of their 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 a Sub-Fund is appropriate for you.

Application has been made to the Listing Committee of the SEHK for the listing of, and permission to deal in the Listed Class Units of each of Taikang Hong Kong USD Money Market ETF and Taikang Hong Kong HKD Money Market ETF. The Listed Class Units of Taikang Hong Kong USD Money Market ETF and Taikang Hong Kong HKD Money Market ETF have been accepted as eligible securities by HKSCC for deposit, clearing and settlement in CCASS with effect from the date of commencement of dealings in the Listed Class Units of Taikang Hong Kong USD Money Market ETF and Taikang Hong Kong HKD Money Market ETF on the SEHK or such other date as may be determined by HKSCC.

Currently, each of Taikang Hong Kong USD Money Market ETF and Taikang Hong Kong HKD Money Market ETF offers Unlisted Class Units. For the Unlisted Class Units, Taikang Hong Kong USD Money Market ETF and Taikang Hong Kong HKD Money Market ETF offers both tokenised class of Units and non-tokenised class of Units.

Settlement of transactions between participants on the SEHK is required to take place in CCASS on the second CCASS settlement day after the trading day. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

No action has been taken to permit an offering of Units or the distribution of this Prospectus in any jurisdiction other than Hong Kong and, accordingly, this Prospectus does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer is not authorised or to any person to whom it is unlawful to make such offer or solicitation. The Units have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or any other United States Federal or State law and, except in a transaction which does not violate the Securities Act, may not be directly or indirectly offered to or sold in the United States of America or any of its territories or for the

benefit of a U.S. Person (as defined in Regulation S of the Securities Act). The Trust and each Sub-Fund have not been and will not be registered as an investment company under the United States Investment Company Act of 1940, as amended. Units may not be acquired or owned by (i) an employee benefit plan, as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”), that is subject to Title I of ERISA, (ii) a plan, as defined in Section 4975(e)(1) of the United States Internal Revenue Code of 1986, as amended (the “**Internal Revenue Code**”), that is subject to Section 4975 of the Internal Revenue Code, (iii) a plan that is subject to any other law, regulation, rule or restriction that is substantially similar to ERISA or Section 4975 of the Internal Revenue Code (“**Similar Law**”) or (iv) an entity whose assets are deemed to include the assets of such an employee benefit plan or plan for purposes of ERISA, Section 4975 of the Internal Revenue Code or Similar Law, unless the purchase, holding and disposition of Units will not constitute a violation under ERISA, Section 4975 of the Internal Revenue Code and any applicable Similar Law.

The Units cannot be offered or sold, directly or indirectly, in the United States of America (including its territories and possessions), to or for the benefit of a “U.S. Person” (see below).

The Manager may impose restrictions on any Unitholder who is a “U.S. Person” and operate the (i) compulsory redemption of Units or (ii) transfer of Units held by such “U.S. Person” in accordance with the provisions of the Trust Deed.

Such power covers any person (a) who appears to be directly or indirectly in breach of the laws or regulations of any country or governmental authority, or (b) in the opinion of the Manager, might result in the Sub-Fund suffering any disadvantage which the Sub-Fund might not otherwise have incurred or suffered.

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

You should note that any amendment or addendum to this Prospectus will only be posted on the Manager’s website (<https://hk.taikangasset.cn/><sup>1</sup>) the contents of which, and of any other websites referred to in this Prospectus, have not been reviewed by the SFC. This Prospectus (including the KFS) may refer to information and materials included in websites. Such information and materials do not form part of this Prospectus and they have not been reviewed by the SFC or any regulatory body. Investors should note that the information provided in websites may be updated and changed periodically without any notice to any person.

### **Questions and Complaints**

Investors may contact the Manager by the following means if they have any enquiries or complaints in relation to the Trust and any Sub-Fund:-

- by writing to 39/F Bank of China Tower, 1 Garden Road, Central, Hong Kong; or
- by calling the Manager’s hotline at (852) 3975 5100 during normal office hours.

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<sup>1</sup> This website has not been reviewed by the SFC.

## **DIRECTORY**

### **Manager**

Taikang Asset Management (Hong Kong) Company Limited

泰康資產管理 (香港) 有限公司

39/F Bank of China Tower

1 Garden Road, Central

Hong Kong

### **Trustee and Registrar of the Trust and Transfer Agent and Registrar of Taikang Hong Kong USD Money Market ETF and Taikang Hong Kong HKD Money Market ETF**

CMB Wing Lung (Trustee) Limited

招商永隆信託有限公司

6/F, CMB Wing Lung Bank Building

45 Des Voeux Road Central

Hong Kong

### **Custodian**

CMB Wing Lung Bank Limited

招商永隆銀行有限公司

6/F, CMB Wing Lung Bank Building

45 Des Voeux Road Central

Hong Kong

### **Eligible Distributors of the tokenised class of Units of Taikang Hong Kong USD Money Market ETF and Taikang Hong Kong HKD Money Market ETF**

The list of Eligible Distributors is maintained by the Manager. Please check with the Manager for the updated list of Eligible Distributors from time to time.

### **Token Custodian of the tokenised class of Units of Taikang Hong Kong USD Money Market ETF and Taikang Hong Kong HKD Money Market ETF\***

OSL Digital Securities Limited

OSL 數字證券有限公司

39/F, Lee Garden One

33 Hysan Ave

Causeway Bay

Hong Kong

**Tokenisation Provider of the tokenised class of Units of Taikang Hong Kong USD Money Market  
ETF**

**and Taikang Hong Kong HKD Money Market ETF\***

Finloop Finance Technology Services Limited

星路金融科技服務有限公司

Unit 2101-2105, 21/F, Champion Tower

3 Garden Road

Central

Hong Kong

**Service Agent or Conversion Agent\*\***

HK Conversion Agency Services Limited

香港證券兌換代理服務有限公司

8th Floor, Two Exchange Square

8 Connaught Place

Central Hong Kong

**Listing Agent\*\***

Altus Capital Limited

21 Wing Wo Street

Central

Hong Kong

**Participating Dealer(s)\*\*\***

**Auditor**

Deloitte Touche Tohmatsu

德勤·關黃陳方會計師行

35/F One Pacific Place

88 Queensway

Hong Kong

**Market Maker(s)\*\*\***

**Legal Adviser to the Manager**

King & Wood Mallesons

金杜律師事務所

13/F Gloucester Tower

The Landmark

15 Queen's Road Central

Central, Hong Kong

*\*Applicable in respect of tokenised Units of Taikang Hong Kong USD Money Market ETF and Taikang Hong Kong HKD Money Market  
ETF only*

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

*\*Please refer to the Manager's website for the latest lists of Market Makers and Participating Dealers for each Sub-Fund.*

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## **DEFINITIONS**

*In this Prospectus (including the relevant Appendix for any Sub-Fund), unless the context requires otherwise, the following expressions have the meanings set out below.*

“**AFRC**” means the Accounting and Financial Reporting Council in Hong Kong or its successors.

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

“**Appendix**” means an appendix to this Prospectus that sets out specific information applicable to a Sub-Fund.

“**Application**” means, in respect of a Listed Class, an application by a Participating Dealer for the creation or redemption of Listed Class Units, in accordance with the procedures for creation and redemption of Listed Class Units set out in the Operating Guidelines, the relevant Participation Agreement and the terms of the Trust Deed.

“**Application Basket**” means, in respect of a Listed Class, a portfolio of Securities and/or Futures Contracts determined by the Manager at the start of business on the relevant Dealing Day for the purpose of the creation and redemption of Listed Class Units in an Application Unit size, notified on the relevant date by the Manager to Participating Dealers for the relevant Sub-Fund.

“**Application Unit**” means, in respect of a Listed Class, such number of Units of a Listed Class or whole multiples thereof (if any) as specified in this Prospectus for the relevant Sub-Fund or such other number of Units of a Listed Class from time to time determined by the Manager and notified by the Manager to the Participating Dealers, either generally or for a particular Listed Class or Listed Classes or for a particular period of time.

“**Auditor**” means the auditor or auditors of the Trust from time to time appointed by the Manager, with the prior approval of the Trustee pursuant to the Trust Deed.

“**Authorised Distributor**” any person appointed by the Manager to distribute Unlisted Class Units of any of the Sub-Funds to potential investors.

“**Bond Connect**” means the initiative launched in July 2017 for mutual bond market access between Hong Kong and Mainland China, established by CFETS, China Central Depository & Clearing Co., Ltd, Shanghai Clearing House, Hong Kong Exchanges and Clearing Limited and Central Moneymarkets Unit.

“**Business Day**” in respect of a Sub-Fund, means, unless the Manager and the Trustee otherwise agree or otherwise specified in the relevant Appendix of the Sub-Fund, a day on which (a)(i) the SEHK is open for normal trading; and (ii) the relevant market on which Index Securities and/or Index Futures Contracts or Securities and/or Futures Contracts comprised in the Sub-Fund (as the case may be) are traded is open for normal trading, or if there are more than one such market, the market(s) designated by the Manager is open for normal trading, and (b) (where applicable) the Index is compiled and published, or such other day or days as the Manager and the Trustee may agree from time to time.

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

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

“**CCASS Settlement Day**” means the term “**Settlement Day**” as defined in the General Rules of HKSCC.

“**CFETS**” means China Foreign Exchange Trade System.

“**China**” or “**PRC**” means the People’s Republic of China.

“**ChinaClear**” means The China Securities Depository & Clearing Corporation Limited or its successors.

“**CIBM**” means the China Interbank Bank Market.

“**Cleared Funds Deadline**” means the time on or before each Dealing Day specified in the Appendix of a Sub-Fund or such other time or day as the Manager may from time to time determine in consultation with the Trustee.

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

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

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

“**Conversion Agency Agreement**” means, in respect of a Listed Class, each agreement by which the Conversion Agent provides its services in respect of that Listed Class entered amongst the Manager, the Conversion Agent and the HKSCC.

“**Conversion Agent**” means, in respect of a Listed Class, HK Conversion Agency Services Limited or such other person as may from time to time be appointed to act as conversion agent in relation to a Sub-Fund.

“**Conversion Agent’s Fee**” means, in respect of a Listed Class, the fee which may be charged for the benefit of the Conversion Agent to each Participating Dealer or PD Agent (as the case may be) on Creation Application and Redemption Application made by the relevant Participating Dealer or PD Agent (as the case may be), the maximum level of which shall be determined by the Conversion Agent and set out in this Prospectus.

“**Creation Application**” means, in respect of a Listed Class, an application by a Participating Dealer for the creation and issue of Listed Class Units in an Application Unit size in accordance with the relevant procedures set out in the Trust Deed and the Operating Guidelines.

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

“**Custodian**” in respect of a Sub-Fund, means such person(s) as may from time to time be appointed by the Trustee to act as custodian of the Trust and/or the relevant Sub-Fund, or in succession thereto, as specified in the section headed “**MANAGEMENT OF THE TRUST AND SUB-FUNDS**” of this Prospectus.

“**Custodian Fee**” means any sum to which the Custodian may become entitled pursuant to the section headed “**FEES AND EXPENSES**” of this Prospectus.

“**Dealing Day**” means each Business Day during the continuance of a Sub-Fund, and/or such other day or days as the Manager may from time to time determine, with the approval of the Trustee, either generally or for a particular class or classes of Units.

“**Dealing Deadline**” in relation to any Dealing Day, means such time or times as the Manager may from time to time determine, with the approval of the Trustee, generally or in relation to any particular class or classes of Units of a Sub-Fund or any particular place for submission of Application(s) by a Participating Dealer (in respect of Listed Class Units) and submission of requests for subscription, switching or redemption (in respect of Unlisted Class Units), and as specified in the Appendix of the relevant Sub-Fund.



**“Default”** means, in respect of a Listed Class, a failure by a Participating Dealer in respect of:

- (a) a Creation Application to deliver the requisite Securities, Futures Contracts, and/or any relevant cash amount; or
- (b) a Redemption Application to deliver the Listed Class Units the subject of the Redemption Application and/or any relevant cash amount.

**“Deposited Property”** means, in respect of each Sub-Fund, all the assets (including Income Property), received or receivable by the Trustee, for the time being held or deemed to be held upon the trusts and subject to the Trust Deed for the account of the relevant Sub-Fund but excluding (i) Income Property standing to the credit of the distribution account of such Sub-Fund (other than interest earned thereon) and (ii) any other amount for the time being standing to the credit of the distribution account of such Sub-Fund.

**“Digital Platform”** means the digital platform for tokens of the tokenised class(es) of Unlisted Class Units as defined under Schedule 3 of this Prospectus.

**“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 or the increase or decrease of the Deposited Property or the creation, issue, switching, transfer, cancellation or redemption of Units or the acquisition or disposal of Securities and/or Futures Contracts (as the case may be), or the entering into or termination of any Swaps (including any costs associated with the entering into, or unwind or maintenance of, any hedging arrangements in respect of such Swaps, or any costs associated with any collateral arrangements in respect of such Securities, Futures Contracts or Swaps), 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 / creation 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/creation or redemption of Units and (b) (in the case of an issue/creation 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/creation 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 issue/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).

**“Eligible Distributors”** means any SFC-licensed virtual asset trading platform or any distributor licensed by the SFC to carry on Type 1 regulated activity (dealing in securities) appointed by the Manager to distribute class(es) of Units of some or all of the Sub-Fund(s) to potential investors, the list of which is available from the Manager upon request.

**“Encumbrance”** means any mortgage, charge, pledge, lien, third party right or interest, any other encumbrance or security interest of any kind or another type of preferential arrangement (including, without limitation, a title transfer or retention arrangement) having similar effect other than any such encumbrance or security interest imposed by the terms of the relevant clearing system/depositary or otherwise created by the terms of the Participation Agreement, the Trust Deed or any agreement between the Manager, the Trustee and the relevant Participating Dealer.

**“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 a Listed Class, the fee payable to the Trustee on each occasion the Manager, upon a Participating Dealer’s request, grants the Participation Dealer an extended settlement in respect of a Creation Application or Redemption Application.

**“FDI”** means financial derivative instrument.

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

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

**“General Rules of HKSCC”** means the General Rules of HKSCC, as amended from time to time.

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

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

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

**“HKSCC Operational Procedures”** means the HKSCC Operational Procedures, as amended from time to time.

**“Hong Kong”** means the Hong Kong Special Administrative Region of the PRC.

**“IFRS”** means International Financial Reporting Standards.

**“Income Property”** means, in respect of a Sub-Fund, (a) all interest, dividends and other sums deemed by the Manager (after consulting the Auditor either on a general or case by case basis) to be in the nature of income (including taxation repayments, if any) received or receivable by the Trustee in respect of the Deposited Property of the Sub-Fund (whether in cash or, without limitation, by warrant, cheque, money, credit or otherwise or the proceeds of sale or transfer of any Income Property received in a form other than cash); (b) all interest and other sums received or receivable by the Trustee in respect of (a), (c) or (d) of this definition; (c) all cash payments received or receivable by the Trustee for the account of the Sub-Fund in respect of an Application; (d) all Cancellation Compensation received by the Trustee for the account of the Sub-Fund; and (e) any payments to be received or are receivable by the Trustee under any contractual agreements in the nature of investments for the benefit of the relevant Sub-Fund but excluding (i) other Deposited Property; (ii) any amount for the time being standing to the credit of the distribution account for the account of the Sub-Fund or previously distributed to Unitholders; (iii) gains for the account of the Sub-Fund arising from the realisation of Securities and/or Futures Contracts (as the case may be); and (iv) any sums applied towards payment of the fees, costs and expenses payable by the Trust from the Income Property of the Sub-Fund.

**“Index”** means, in respect of an Index Tracking Sub-Fund, the index or benchmark against which the relevant Sub-Fund is benchmarked or otherwise referenced as set out in the relevant Appendix.

**“Index Provider”** means, in respect of an Index Tracking Sub-Fund, the person responsible for compiling the Index against which the relevant Index Tracking Sub-Fund benchmarks its investments and who holds the right to licence the use of such Index to the relevant Sub-Fund as set out in the relevant Appendix.

**“Index Securities”** means, for an Index Tracking Sub-Fund, Securities of those companies which are at the relevant time the constituent companies of the Index, any Securities used to track the performance of such Securities constituting the Index at the relevant time or such other Securities designated by the Manager.

**“Index Futures Contract”** means, for an Index Tracking Sub-Fund, Futures Contracts comprising the Index, any Futures Contracts used to track the performance of the Index of the relevant time or such other Futures

Contracts designated by the Manager.

**“Index Tracking ETF”** means an Index Tracking Sub-Fund the Units of which are listed on either the SEHK or any other Recognised Stock Exchange.

**“Index Tracking Sub-Fund”** means a Sub-Fund with a principal objective to track, replicate or correspond to a financial index or benchmark, with an aim of providing or achieving investment results or returns that closely match or correspond to the performance of the Index that it tracks and has been authorised by the SFC under Chapter 8.6 of the Code.

**“Initial Issue Date”** means, in respect of a Listed Class, the date of the first issue of Units of that Listed Class.

**“Initial Offer Period”** means, in respect of each class of a Sub-Fund, the period as set out in the relevant Appendix.

**“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 a Listed Class, the price at which Units in that Listed Class may be issued, determined in accordance with the Trust Deed.

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

**“Listed Class Unit”** means a Unit of a Listed Class and **“Listed Class Units”** shall be construed as Units of the Listed Class.

**“Listing Agent”** means, in respect of a Listed Class, such entity appointed by the Manager as the listing agent for the relevant Sub-Fund.

**“Listing Date”** means, in respect of each Listed Class, the date on which the Units of that Listed Class are first listed and from which dealings therein are permitted to take place on the SEHK, the expected date of which is set out in the relevant Appendix for the relevant Sub-Fund.

**“Mainland China”** or **“Mainland”** means all customs territory of the People’s Republic of China.

**“Manager”** means Taikang Asset Management (Hong Kong) Company Limited or such other person or persons for the time being duly appointed pursuant to the Trust Deed as manager of the Trust in succession thereto being approved by the SFC as qualified to act as such for the purposes of the Code.

**“Management Fee”** means any sum to which the Manager may become entitled pursuant to the section headed **“FEES AND EXPENSES”** of this Prospectus.

**“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: the 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 or region in any part of the world dealing in the Security or Futures Contract which the Manager may from time to time elect.

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

**“Multi-Counter”** means, in respect of a Listed Class, the facility by which the Listed Class Units of a Sub-Fund traded in more than one currency (RMB, HKD and/or USD (as the case may be)) are each assigned separate stock codes on the SEHK and are accepted for deposit, clearing and settlement in CCASS in more than one eligible currency (RMB, USD and/or HKD) as described in the relevant Appendix of this Prospectus. Where the Listed Class Units of a Sub-Fund are traded in two eligible currencies, the facility is also referred to as a “Dual Counter”.

**“Net Asset Value”** means the net asset value of a Sub-Fund or a class or, as the context may require, the net asset value of a Unit of a Sub-Fund (or class thereof) calculated in accordance with the Trust Deed.

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

**“Participating Dealer”** means, in respect of a Listed Class, a licensed broker or dealer who is (or who has appointed an agent or delegate who is) a person admitted for the time being by HKSCC as a participant of CCASS and who has entered into a Participation Agreement in form and substance acceptable to the Manager and the Trustee, and any reference in this Prospectus to “Participating Dealer” shall include a reference to any agent or delegate so appointed by the Participating Dealer.

**“Participation Agreement”** means, in respect of a Listed Class, an agreement entered into between, among others, the Trustee, the Manager and a Participating Dealer (and its agent, if applicable), and if determined necessary by the Manager (in its absolute discretion), where applicable, each of HKSCC and the Conversion Agent, setting out, amongst other things, the arrangements in respect of the Applications. References to the Participation Agreement shall, where appropriate, mean the Participation Agreement, read together with the Operating Guidelines.

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

**“PD Agent”** means, in respect of a Listed Class, 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 Units.

**“QFI”** means a qualified foreign investor approved pursuant to the relevant PRC regulations (as amended from time to time) to invest in PRC domestic securities and futures with funds overseas, or, as the context may require, the QFI regime.

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

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

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

**“Redemption Fee”** means, in respect of an Unlisted Class, the redemption fee (if any) payable upon the redemption of Units of that Unlisted Class and as specified in the relevant Appendix.

**“Redemption Price”** means, in respect of a Unit of a Sub-Fund, the price per Unit at which such Unit is redeemed, calculated in accordance with the Trust Deed.

**“Registrar”** means such person as may from time to time be appointed as registrar in respect of each Sub-Fund in accordance with the Trust Deed to keep the register of the Unitholders of the relevant Sub-Fund.

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

**“Securities”** means any shares, stocks, debentures, loan stocks, bonds, securities, commercial paper, acceptances, trade bills, warrants, participation notes, certificates, structured products, treasury bills, instruments or notes 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 (as defined in the Trust Deed);
- (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, in respect of a Listed Class, 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 a Sub-Fund.

**“Service Agent’s Fee”** means, in respect of a Listed Class, the fee which may be incurred by the Service Agent in connection with the services set out in the Service Agreement to each Participating Dealer or PD Agent (as the case may be) on each book-entry deposit or withdrawal transaction made by the relevant Participating Dealer or PD Agent (as the case may be), the maximum level of which shall be determined by the Service Agent and set out in this Prospectus.

**“Service Agreement”** means, in respect of a Listed Class, each agreement by which the Service Agent provides its services in respect of that Listed Class entered amongst the Trustee, the Manager, the Registrar, the Participating Dealer, the PD Agent (where applicable), the Service Agent and HKSCC.

**“Settlement Day”** means, in respect of a Listed Class, a Business Day in respect of the relevant Dealing Day (including the Dealing Day itself) pursuant to the Operating Guidelines or such other Business Days in respect of 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, either generally or for a particular Listed Class or Listed Classes of Units.

**“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) as amended or supplemented from time to time.

**“SSE”** means the Shanghai Stock Exchange.

**“Stock Connect”** means the programme which aims to achieve mutual stock market access between Mainland China and Hong Kong and includes (i) the Shanghai-Hong Kong Stock Connect, a securities trading and clearing links programme developed by the SEHK, SSE, ChinaClear and HKSCC; and (ii) the Shenzhen-Hong Kong Stock Connect, a securities trading and clearing links programme developed by the

SEHK, SZSE, ChinaClear and HKSCC.

“**Sub-Fund**” means a segregated pool of assets and liabilities into which the Trust Fund is divided and established as a separate trust and maintained pursuant to the Trust Deed and the relevant supplemental deed, as further described in the relevant Appendix.

“**SZSE**” means the Shenzhen Stock Exchange.

“**Subscription Fee**” means, in respect of an Unlisted Class, the subscription fee (if any) payable on the issue of Units of that Unlisted Class and as specified in the relevant Appendix.

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

“**Swap**” means a swap agreement to be entered by the Trustee or the Manager on behalf of a Sub-Fund which may, subject to the Trust Deed, take such form as determined or agreed by the Manager, including an International Swaps and Derivatives Association master agreement, schedules, annexes and confirmations as well as related documents.

“**Swap Counterparty**” means a counterparty of a Sub-Fund pursuant to a Swap.

“**Switching Fee**” means, in respect of an Unlisted Class, the switching fee (if any) payable on the conversion of Units of that Unlisted Class and as specified in the relevant Appendix.

“**Token**” means the digital token which represents Class T Unit as defined in Schedule 3 of this Prospectus.

“**Token Custodian**” means OSL Digital Securities Limited or any person which is either (i) an authorized institution as defined in section 2(1) of the Banking Ordinance (Chapter 155 of Laws of Hong Kong); or (ii) a virtual asset trading platform operator licensed by the SFC, as approved by (a) the Manager; (b) the Trustee; and (c) the Tokenisation Provider, from time to time.

“**Tokenisation Fee**” means any sum to which the Tokenisation Provider may become entitled pursuant to the section headed “**FEES AND EXPENSES**” of this Prospectus.

“**Tokenisation Provider**” means any person or persons appointed to provide facilities, by itself or with the support of third-party service provider, to enable the tokenisation of Unlisted Class(es) of Units of the relevant Sub-Fund(s).

“**Transaction Fee**” means, in respect of a Listed Class, the fee which may be charged for the benefit of the Trustee, the Registrar, the Conversion Agent (if any) and/or the Service Agent (if any) to each Participating Dealer on each Dealing Day upon which an Application has been or Applications have been made by the relevant Participating Dealer.

“**Transfer Agent**” means any person or persons appointed by the Manager to act as the transfer agent in relation to the relevant Sub-Fund(s).

“**Trust**” means the umbrella unit trust constituted by the Trust Deed and called Taikang Hong Kong ETF Series or such other name as the Manager and the Trustee may from time to time determine.

“**Trust Deed**” means the trust deed dated 7 January 2026 constituting the Trust and entered into between the Manager and the Trustee (as amended from time to time).

“**Trust Fund**” means, with respect to each Sub-Fund, all the property for the time being held or deemed to be held by the Trustee upon the trusts hereof, including the Deposited Property and Income Property attributable to that Sub-Fund and subject to the terms and provisions of the Trust Deed, except any amount for the time being standing to the credit of the distribution account attributable to that Sub-Fund, and where such term is used generically, “**Trust Fund**” means the Trust Fund attributable to all Sub-Funds taken together.

“**Trustee**” means CMB Wing Lung (Trustee) Limited or such other person or persons for the time being duly

appointed as trustee or trustees hereof in succession thereto in accordance with the Trust Deed.

**"Trustee Fee"** means any sum to which the Trustee may become entitled pursuant to the section headed **"FEES AND EXPENSES"** of this Prospectus.

**"Unit"** means a unit in a class of a Sub-Fund representing a certain number or fraction (including irregular fractions) of undivided shares in the Trust Fund attributable to a Sub-Fund which number shall be capable of variation (as between the Classes) in accordance with the Trust Deed.

**"Unit Cancellation Fee"** means, in respect of a Listed Class, the fee charged by the Conversion Agent in respect of the cancellation of Listed Class Units in connection with an accepted Redemption Application

**"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 so registered.

**"Unlisted Class"** means a class of Units of a Sub-Fund which is neither listed on the SEHK nor any other Recognised Stock Exchange.

**"Unlisted Class Unit"** means a Unit of an Unlisted Class and **"Unlisted Class Units"** shall be construed as Units of the Unlisted Class(es).

**"USD"** means United States dollars, the lawful currency of the United States of America.

**"Valuation Day"** means each Business Day on which the Net Asset Value of a Unit falls to be calculated and, subject as provided below, in relation to each Dealing Day of any class of Unit means such Dealing Day or such Business Day succeeding such Dealing Day, as the Manager may from time to time determine in their absolute discretion (and until otherwise determined the Valuation Day in relation to each Dealing Day shall be such Dealing Day) provided that not less than one calendar month's prior notice shall have been given to the Holders of the relevant class of Units before any change in the Manager' determination shall become effective.

**"Valuation Point"** means, in respect of a Sub-Fund, the official close of trading on the Market on which the Securities and/or Futures Contracts (as the case may be) constituting the Index (if any) or the Sub-Fund are listed on each Dealing Day or 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, issue, switching and redemption of Units.

## **PART 1 – GENERAL INFORMATION RELATING TO THE TRUST AND SUB-FUNDS**

Part 1 of this Prospectus includes information relevant to the Trust and all Sub-Fund(s) established under the Trust.

The information presented in this Part 1 should be read in conjunction with the information presented in the relevant Appendix in Part 2 of this Prospectus in respect of a particular Sub-Fund. Where the information in Part 2 of this Prospectus conflicts with the information presented in this Part 1, the information in the relevant Appendix in Part 2 prevails, however, it is applicable to the specific Sub-Fund of the relevant Appendix only. Please refer to Part 2 “Specific Information Relating to Each Sub-Fund” for further information.



## INTRODUCTION

### **The Trust**

The Trust is an umbrella unit trust created by the Trust Deed between the Manager and the Trustee made under Hong Kong law. The Trust and each Sub-Fund is authorised as a collective investment scheme by the SFC under section 104 of the SFO. Each of Taikang Hong Kong USD Money Market ETF and Taikang Hong Kong HKD Money Market ETF falls within Chapters 8.2 and 8.10 of the Code. SFC authorisation is not a recommendation or endorsement of the Trust or any of the Sub-Funds nor does it guarantee the commercial merits of the Trust, any of the Sub-Funds or their performance. It does not mean that the Trust or the Sub-Funds are suitable for all investors nor is it an endorsement of their suitability for any particular investor or class of investors.

### **The Sub-Funds**

The Trust may issue different classes of Units and the Trustee shall establish a separate pool of assets under the Trust Deed as separate trusts (each such separate pool of assets a “**Sub-Fund**”) to which one or more class of Units shall be attributable. The assets of a Sub-Fund will be invested and administered separately from the other assets of the Trust. The Listed Class Units of a Sub-Fund will be listed on the SEHK.

The Manager and the Trustee reserve the right to establish other Sub-Funds and/or issue further classes of Units relating to a Sub-Fund or Sub-Funds in the future in accordance with the provisions of the Trust Deed. Where indicated in the relevant Appendix, the Listed Class Units in a Sub-Fund may be available for trading on the SEHK using a Multi-Counter. Each Sub-Fund will have its own Appendix.

Each Sub-Fund may issue Listed Class and/or Unlisted Class. In respect of a Sub-Fund which offers both Listed Class and Unlisted Class, please refer to the table set out in the relevant Appendix which sets out the key similarities and differences between the Listed Class and Unlisted Class. Currently, each of Taikang Hong Kong USD Money Market ETF and Taikang Hong Kong HKD Money Market ETF offers both Listed Class and Unlisted Class.

## **MANAGEMENT OF THE TRUST AND SUB-FUNDS**

### **The Manager**

The Manager of the Trust and the Sub-Fund(s) is Taikang Asset Management (Hong Kong) Company Limited which is a wholly-owned subsidiary of Taikang Asset Management Company Limited (“**TaikangAMC**”).

The Manager is a company incorporated in 2007 with limited liability under the laws of Hong Kong. It is currently licensed by the SFC for Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under Part V of the SFO with CE number ARG103. In connection with its Type 1 regulated activity business, the Manager shall only provide services to professional investors. The term “professional investor” is as defined in the SFO and its subsidiary legislation.

As the entity to carry out TaikangAMC’s internationalization strategy, the Manager seeks to enhance brand recognition in offshore markets by progressively establishing strong investment capabilities and track records.

The Manager inherits a prudent investment approach of TaikangAMC, which emphasizes achieving stable and long-term return on the basis of sound risk management, given its background as asset manager of insurance assets. In terms of management of the Sub-Fund(s), the Manager will leverage on TaikangAMC’s sophisticated investment experience by sharing investment and research resources.

The Manager undertakes the management of the assets of the Trust. The Manager may appoint sub-manager(s) and delegate any of its management functions in relation to assets of specific Sub-Fund(s) to such sub-manager(s) subject to prior SFC approval. Details of such appointment are set out in the Appendix relating to the relevant Sub-Fund. The Manager may at its discretion, with or without giving any notice, appoint investment delegate(s) to provide investment advice to the Manager in relation to assets of specific Sub-Fund(s). The remuneration of such sub-manager(s) and investment delegate(s) will be borne by the Manager.

Subject as provided in the Trust Deed, the Manager shall be indemnified out of the Trust Fund against any action, costs, claims, damages, liabilities, expenses or demands (other than those arising out of any liability or obligation to the Unitholders imposed on the Manager pursuant to the laws of Hong Kong or the proper law of the Trust Deed (if different)) to which it may be put as Manager and for this purpose shall have recourse to the assets of the relevant Sub-Fund in respect of which such action, costs, claims, damages, expenses or demands have been made or arose out of or, where such action, costs, claims, damages, expenses or demands relate to the Trust as a whole, the Trust Fund or any part thereof.

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

### **The directors of the Manager**

The directors of the Manager are as follows:

Dr. CHEN Dongsheng  
Dr. DUAN Guo Sheng  
Dr. ZHANG Jing Guo  
Mr. CHEN Yilun  
Mr. FENG Tieliang  
Ms. ZHANG Le

### **The Trustee and Registrar**

The Trustee of the Trust and the Sub-Funds is CMB Wing Lung (Trustee) Limited. CMB Wing Lung (Trustee) Limited was incorporated with limited liability in Hong Kong in 1972 and is registered as a trust company under the Trustee Ordinance (Cap. 29 of the Laws of Hong Kong), and a licensed trust or company service provider (TCSP Licence No.: TC004338); and a licensed corporation providing depository services for relevant collective investment schemes (CE No.: BOI017). CMB Wing Lung (Trustee) Limited is a wholly-owned subsidiary of CMB Wing Lung Bank Limited, a licensed bank (CE No.: AAF294) under the Banking Ordinance (Cap. 155 of the Laws of Hong Kong).

Under the Trust Deed, the Trustee shall take into its custody or under its control all the property forming part of the assets of the Trust and hold it in trust for the Unitholders of the relevant Sub-Fund in accordance with the provisions of the Trust Deed and, to the extent permitted by applicable laws and regulation, all registrable assets and cash from time to time comprised in the Trust shall be registered in the name of or held to the order of the Trustee. The Trustee shall in respect of any investments, assets and other property of a Sub-Fund which by nature cannot be held in custody, maintain a proper record of such investments, assets or property in its books under the name of that Sub-Fund.

Subject to applicable regulatory requirements, the Trustee may, from time to time, appoint any person or persons (including a Connected Person of the Trustee) as custodian, nominee, agent or delegate of the Trustee, to hold all or any of the assets in the Trust or any Sub-Fund, and may empower any such person to appoint, with no objection in writing from the Trustee, sub-custodians, nominees, agents and/or delegates (each such custodian, nominee, agent, sub-custodian, and delegate a “**Correspondent**”). The Trustee shall (a) exercise reasonable care, skill and diligence in the selection, appointment and ongoing monitoring of such Correspondent; (b) be satisfied that such Correspondent retained remains suitably qualified and competent on an ongoing basis to provide the relevant services to the Trust or any Sub-Fund; and (c) be liable for the acts or 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) 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.

Notwithstanding the above, the Trustee shall not be liable for any act, omission, insolvency, liquidation or bankruptcy of Euroclear Bank S.A./N.V., Clearstream Banking, S.A. or any other such recognised depository 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 and its respective officers, employees, agents and delegates are entitled to be indemnified out of the assets of the relevant Sub-Fund in respect of all liabilities and expenses incurred in relation to such Sub-Fund and against all actions, proceedings, costs, claims and demands in respect of any matter or thing done or omitted to be done in any way relating to such Sub-Fund, including without limitation, any actions of the Manager, except to the extent that such liability, expense, action, proceeding, cost, claim or demand arises out of the fraud, negligence or wilful default of the Trustee or its officers, employees, agents or delegates.

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

The Manager is solely responsible for making investment decisions in relation to the Trust and/or each Sub-Fund and the Trustee (including its delegates) is not responsible and has no liability for any investment decision made by the Manager. The Trustee does not act as guarantor or offeror of the Units or any underlying investments of a Sub-Fund. The Trustee is not responsible for the preparation or issue of this Prospectus other than the disclosures on information relating to the Trustee and the Registrar as set out herein. The appointment of the Trustee may be terminated in the circumstances set out in the Trust Deed.

The Trustee also acts as the Registrar of the Trust and its Sub-Fund(s), in which capacity it will be responsible, inter alia, for maintaining the register of Unitholders.

The Trustee is entitled to the fees set under the section headed “**FEES AND EXPENSES**” of this Prospectus and to be reimbursed for all costs and expenses in accordance with the provisions of the Trust Deed. The fees and expenses of any Correspondent shall be paid out of the relevant Sub-Fund.

### **Custodian**

CMB Wing Lung Bank Limited has been appointed as the Custodian of each Sub-Fund pursuant to the custody agreement.

The Custodian is a company incorporated under the laws of Hong Kong and a licensed bank (CE No. AAF294) under the Banking Ordinance (Cap. 155 of the laws of Hong Kong).

Pursuant to the custody agreement, the Custodian will act as the custodian of each Sub-Fund's assets, which will be held directly by the Custodian or through its agents, nominees, sub-custodians, or delegates.

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

HK Conversion Agency Services Limited acts as Service Agent or Conversion Agent, as appropriate in respect of Listed Class Units of a Sub-Fund, the details of which are set out in Part 2 of this Prospectus. Under the terms of the Service Agreement, the Participation Agreement or Conversion Agency Agreement (as the case may be), the Service Agent or the Conversion Agent (as the case may be) performs, through HKSCC, certain of its services in connection with the creation and redemption of Listed Class Units in the Sub-Fund by Participating Dealers or PD Agents (as the case may be).

#### **The Auditor**

The Manager has appointed Deloitte Touche Tohmatsu to act as the Auditor of the Trust and each Sub-Fund. The Auditor is independent of the Manager and the Trustee.

#### **The Authorised Distributor (applicable in respect of Unlisted Class Units other than unlisted tokenised class(es) of Units only)**

In respect of unlisted non-tokenised class(es) of Units of a Sub-Fund, the Manager may appoint one or more Authorised Distributor(s) to distribute Unlisted Class Units of one or more Sub-Funds, and to receive applications for subscription, redemption and/or switching of Unlisted Class Units on the Manager's behalf.

#### **The Eligible Distributor(s) (applicable in respect of unlisted tokenised class(es) of Units only)**

In respect of unlisted tokenised class(es) of Units of a Sub-Fund, investors may only apply for subscription and redemption through Eligible Distributor(s). For details, please refer to the sub-sections headed "Subscription of Class T Units" and "Redemption of Class T Units" of Schedule 3 to this Prospectus.

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

A Participating Dealer may act for its own account or for account of its clients in making Creation Applications and Redemption Applications in respect of the Listed Class Units of a Sub-Fund. Different Sub-Funds which offer Listed Class Units may have different Participating Dealers. The latest list of the Participating Dealers in respect of each Sub-Fund which offers Listed Class Units is available at <https://hk.taikangasset.cn/> (the content of which and of any website referred to this Prospectus have not been reviewed by the SFC).

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

A Market Maker is a broker or dealer permitted by the SEHK to make a market for the Listed Class 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 such Units on the SEHK. Market Makers facilitate the efficient trading of Listed Class 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 Listed Class Units of each available counter. 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 for each available counter of Listed Class Units to facilitate the efficient trading of Listed Class Units. The Manager will use its best endeavours to put in place arrangements so that at least one Market Maker for each available counter of Listed Class Units will give not less than 3 months' notice prior to terminating market making under the relevant market making agreement.

The latest list of Market Makers in respect of each counter of Listed Class Units of each Sub-Fund is available at [www.hkex.com.hk](http://www.hkex.com.hk) and <https://hk.taikangasset.cn/> (the contents of which and of any other website referred to in this Prospectus have not been reviewed by the SFC).

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

In respect of the Listed Class Units of the relevant Sub-Fund, the Manager may appoint a Listing Agent for the relevant Sub-Fund in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in respect of the relevant Sub-Fund's listing on the SEHK. Any Listing Agent will be a registered institution or licensed corporation which is registered or licensed by the SFC to carry out, amongst others, Type 6 (advising on corporate finance) regulated activity under the SFO. The name of the Listing Agent for each Listed Class is set out in the relevant Appendix for that Sub-Fund.

### **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 each 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 a Sub-Fund as agent for the Sub-Fund or deal with any Sub-Fund as principal with the prior written consent of the Trustee.
- (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, Futures Contracts, financial instruments or investment products form part of the relevant Sub-Fund's assets or may be interested in any such contract or transaction.
- (c) The Trustee or the Manager or any of their Connected Persons 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 a Sub-Fund.
- (e) Any arrangements for the borrowing or deposit of any monies for the account of a Sub-Fund may be made with any of the Trustee, the Manager, any investment delegate 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 type, size and term, in the same currency and with institutions of similar standing, negotiated at arm's length in accordance with ordinary and normal course of business. Any such deposits shall be maintained in a manner that is in the best interests of Unitholders.
- (f) Neither the Trustee, the Manager and any of their Connected Persons shall be liable to account to each other or to any 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, its delegate or any of their Connected Persons may, in the course of business, have potential conflicts of interest with a 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, its delegate or any of their Connected Persons may enter into portfolio transactions for or with a 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 a Sub-Fund in shares or units of a collective investment scheme managed by the Manager, its delegates or any of its Connected Persons, the manager of the scheme

in which the investment is being made by the Sub-Fund must waive any preliminary or initial charge which it is entitled to charge for its own account in relation to the acquisition of shares or units and there must be no increase in the overall total of annual Management Fee (or other costs and charges payable to the Manager or any of its Connected Persons) borne by the Sub-Fund.

None of the Manager, its delegates or any of their Connected Persons 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 a 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, its delegates or any of their Connected Persons may receive, and are entitled to retain, goods, services or other benefits, such as research and advisory services, economic and political analysis, portfolio analysis (including valuation and performance measurement), market analysis, data and quotation services, computer hardware and software incidental to the above goods and services, clearing and custodian services and investment-related publication (known as soft dollar benefits) which are of demonstrable benefit to a Sub-Fund as a whole and may contribute to an improvement in the performance of the relevant Sub-Fund or of the Manager and/or any of its Connected Persons in providing services to the relevant 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, brokerage rates are not in excess of customary institutional full-service brokerage rates and the availability of soft dollar arrangements is not the sole or primary purpose to perform or arrange transaction with such broker or dealer. For the avoidance of doubt, such goods and services do not include travel accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employee salaries or direct money payments. Details of soft commission arrangements will be disclosed in the relevant Sub-Fund's annual report.

The services of the Trustee provided to the Trust and each 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 any 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, the custodian, sub-custodians, the Conversion Agent or the Service Agent (as the case may be) 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 and the relevant agreement(s), be liable to account for any profit, commission or other remuneration arising. However, all transactions carried out by or on behalf of a Sub-Fund will be on arm's length terms and in the best interests of Unitholders. For so long as a 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, investment delegates, the Trustee 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 financial statements of the Sub-Fund.

## **INVESTMENT OBJECTIVE, STRATEGY AND RESTRICTIONS, SECURITIES LENDING AND BORROWING**

### **Investment Objective**

A Sub-Fund may be an Index Tracking Sub-Fund, a listed open-ended fund (also known as “active ETF”) or an unlisted open-ended fund.

The investment objective of each Index Tracking Sub-Fund is to provide investment results that, before fees and expenses, closely correspond to the performance of the relevant Index unless otherwise stated in the relevant Appendix.

The investment objective of each Sub-Fund is set out in the relevant Appendix.

### **Investment Strategy**

The investment strategy of each Sub-Fund is stated in the relevant Appendix.

#### Index Tracking Sub-Funds

For Sub-Funds which are Index Tracking Sub-Funds, each will adopt either a full replication or a representative sampling strategy.

#### *Full Replication Strategy*

Where a Sub-Fund adopts a full replication strategy as its investment strategy, it will invest in substantially all the Securities and/or Futures Contracts (as the case may be) constituting the Index in substantially the same weightings (i.e. proportions) as these Securities and/or Futures Contracts (as the case may be) have in the Index. When a Security or Futures Contract ceases to be a constituent of the Index, rebalancing occurs which involves, among other things, selling the outgoing Security or Futures Contract and potentially using the proceeds to invest in the incoming Security or Futures Contract.

#### *Representative Sampling Strategy*

Where a Sub-Fund adopts a representative sampling strategy as its investment strategy, it will invest, directly or indirectly, in a representative sample of the Securities and/or Futures Contracts (as the case may be) in the relevant Index that collectively reflects the investment characteristics of such Index and aims to replicate its performance. A Sub-Fund adopting a representative sampling strategy may or may not hold all of the Securities and/or Futures Contracts (as the case may be) that are included in the relevant Index, and may hold a portfolio of Securities and/or Futures Contracts (as the case may be) which are not included in the Index, provided that these collectively feature a high correlation with the Index.

#### *Switching Between Strategies*

Whilst the full replication strategy is likely to track the performance of the relevant Index more closely when compared to the representative sampling strategy, it may not be the most efficient way to do so. Also, it may not always be possible or it may be difficult to buy or hold certain Securities and/or Futures Contracts (as the case may be) comprising the Index. The Manager may therefore, in the appropriate circumstances, choose to use a representative sampling strategy, having regard to the number of Securities and/or Futures Contracts (as the case may be) constituting the Index, the liquidity of such Securities or Futures Contracts, any restrictions on the ownership of such Securities or Futures Contracts, the transaction expenses and other trading costs, and tax and other regulatory restrictions.

Investors should note that the Manager may switch between the above investment strategies, without prior notice to investors, in its absolute discretion as it believes appropriate in order to achieve the investment objective of the relevant Sub-Fund by tracking the relevant Index as closely (or efficiently) as possible for the benefit of investors.

In addition to the investment strategies set out above, a Sub-Fund may be launched with synthetic or futures-based strategies as described in the relevant Appendix for each such Sub-Fund.



## Actively Managed Sub-Funds

A listed open-ended fund (active ETF) or an unlisted open-ended fund does not track an index. The Manager will actively manage the relevant Sub-Fund based on its investment strategy in seeking to achieve the investment objective of the Sub-Fund, as described in the relevant Appendix.

## **Investment Restrictions, Securities Lending and Borrowing**

### Investment Restrictions

1. Unless otherwise specifically provided for in the relevant Appendix, the investment restrictions applicable to each Sub-Fund are summarised below:

- (a) the aggregate value of a Sub-Fund's investments in, or exposure to, any single entity through the following may not exceed 10% of the total Net Asset Value of such Sub-Fund, save as (for an Index Tracking Sub-Fund) permitted by Chapter 8.6(h) of the Code and as varied by paragraph 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 paragraph (a) above and 7.28(c) of the Code and unless otherwise approved by the SFC, the aggregate value of a 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 a Sub-Fund, whereby the placing of cash deposits with various financial institutions would 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 paragraph 1(c), cash deposits generally refer to those that are repayable on demand or have the right to be withdrawn by a Sub-Fund and not referable to provision of property or services.

- (d) ordinary shares issued by a single entity held for the account of a Sub-Fund, when aggregated with other holdings of ordinary shares issued by an 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 a 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 paragraphs 1(a), 1(b), 1(d) and 1(e) of this sub-section, where direct investment by a Sub-Fund in a market is not in the best interests of investors, a Sub-Fund may invest through a wholly-owned subsidiary company established solely for the purpose of making direct investments in such market. In this case:
  - (1) the underlying investments of the subsidiary, together with the direct investments made by the Sub-Fund, must in aggregate comply with the requirements of Chapter 7 of the Code;
  - (2) any increase in the overall fees and charges directly or indirectly borne by the Unitholders or the Sub-Fund as a result must be clearly disclosed in this Prospectus; and
  - (3) the Sub-Fund must produce the financial reports as required under 5.10(b) of 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 paragraphs 1(a), 1(b) and 1(d) of this sub-section, not more than 30% of the total Net Asset Value of a Sub-Fund may be invested in Government and other Public Securities of the same issue, except for a Sub-Fund which has been authorised by the SFC as an index fund, such limit may be exceeded with the approval of the SFC;
- (h) subject to paragraph 1(g) of this sub-section, a 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, a 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 1(a), 1(b) and 1(d) of this sub-section; or (y) collective investment schemes for the purposes of and subject to the requirements in paragraphs 1(k) of this sub-section. However, the investments in exchange traded funds shall be subject to paragraph 1(e) of this sub-section and the relevant investment limits in exchange traded funds by a Sub-Fund should be consistently applied and clearly disclosed in this Prospectus;
- (k) where a 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 and specified by the SFC from time to time) 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 authorised by the SFC or eligible schemes (as determined and specified by the SFC from time to time),

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 relevant Appendix of the Sub-Fund,

provided that in respect of paragraphs 1(k)(1) and 1(k)(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, a 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 and specified by the SFC from time to time) 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 1(j) of this sub-section in compliance with paragraphs 1(k)(1) and 1(k)(2) of this sub-section;
  - (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 1(a), 1(b), 1(d) and 1(e) of this sub-section are also applicable to the investments of the underlying scheme; and
  - (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 an underlying scheme or the management company of an underlying scheme, or quantifiable monetary benefits in connection with investments in any underlying scheme;
- (l) a Sub-Fund may invest 90% or more of its total Net Asset Value in a single collective investment scheme and may 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 relevant Appendix 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 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, the Manager's annual fee, or any other costs and charges payable to the Manager or any of its Connected Persons borne by the Unitholders 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 proviso (iii) to paragraph 1(k)(2) of this sub-section, the master fund may invest in other collective investment scheme(s) subject to the investment restrictions as set out in paragraphs 1(k)(1) and 1(k)(2) and proviso (i), (ii) and (iii) to paragraph 1(k)(2) of this sub-section; and
- (m) if the name of a 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 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.

#### Money Market Funds

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

- (a) subject to the provisions below, the Sub-Fund may only invest in short-term deposits and high quality money market instruments (i.e. securities normally dealt in on the money markets including government bills, certificates of deposit, commercial papers, short-term notes, bankers’ acceptances, asset-backed securities such as asset-backed commercial papers), and up to 10% in money market funds authorised by the SFC under Chapter 8.2 of the Code or regulated in a manner generally comparable with the requirements of the SFC and acceptable to the SFC;
- (b) the Sub-Fund must maintain a portfolio with weighted average maturity of not exceeding 60 days and a weighted average life not exceeding 120 days and must not purchase an instrument with a remaining maturity of more than 397 days, or two years in the case of Government and other Public Securities. For these purposes:
  - (1) “weighted average maturity” is a measure of the average length of time to maturity of all the underlying Securities in the Sub-Fund weighted to reflect the relative holdings in each instrument; and is used to measure the sensitivity of the Sub-Fund to changing money market interest rates; and
  - (2) “weighted average life” is the weighted average of the remaining life of each Security held in the Sub-Fund; and is used to measure the credit risk, as well as the liquidity risk,

provided that the use of interest rate resets in variable-notes or variable-rate notes generally should not be permitted to shorten the maturity of a Security for the purpose of calculating weighted average life, but may be permitted for the purpose of calculating weighted average maturity;

- (c) notwithstanding paragraphs 1(a) and 1(c) of this sub-section, the aggregate value of the Sub-Fund’s holding of instruments and deposits issued by a single entity may not exceed 10% of the total Net Asset Value of the Sub-Fund except:
  - (1) where the entity is a substantial financial institution (as defined in the Code) and the total amount does not exceed 10% of the entity’s share capital and non-distributable capital reserves, the limit may be increased to 25%; or
  - (2) in the case of Government and other Public Securities, up to 30% may be invested in the same issue; or
  - (3) in respect of any deposit of less than USD1,000,000 or its equivalent in the base currency of the Sub-Fund, where the Sub-Fund cannot otherwise diversify as a result of its size;
- (d) notwithstanding paragraphs 1(b) and 1(c) of this sub-section, the aggregate value of the Sub-Fund’s investments in Entities within the Same Group through instruments and deposits may not exceed 20% of its total Net Asset Value except:
  - (1) in respect of any cash deposit of less than USD1,000,000 or its equivalent in the base

currency of the Sub-Fund, where the Sub-Fund cannot otherwise diversify as a result of its size; and

- (2) where the entity is a substantial financial institution and the total amount does not exceed 10% of the entity's share capital and non-distributable capital reserves, the limit may be increased to 25%;
- (e) notwithstanding the borrowing limit as set out below, the Sub-Fund may borrow up to 10% of its total Net Asset Value but only on a temporary basis for the purpose of meeting redemption requests or defraying operating expenses;
  - (f) the value of the Sub-Fund's holding of investments in the form of asset-backed securities may not exceed 15% of its total Net Asset Value;
  - (g) where permitted under the Appendix of the relevant Sub-Fund and subject to Chapters 7.32 to 7.38 of the Code, the Sub-Fund may engage in sale and repurchase transactions, and reverse repurchase transactions in compliance with the following additional requirements:
    - (1) the amount of cash received by the Sub-Fund under sale and repurchase transactions may not in aggregate exceed 10% of its total Net Asset Value;
    - (2) the aggregate amount of cash provided to the same counterparty in reverse repurchase agreements may not exceed 15% of the Net Asset Value of the Sub-Fund;
    - (3) collateral received may only be cash, high quality money market instruments, and may also include, in the case of reverse repurchase transactions, government securities receiving a favourable assessment on credit quality; and
    - (4) the holding of collateral, together with other investments of the Sub-Fund, must not contravene the investment limitations and requirements set out under this sub-section headed "Money Market Funds";
  - (h) the Sub-Fund may use FDIs for hedging purposes only;
  - (i) the currency risk of the Sub-Fund shall be appropriately managed and any material currency risk that arises from investments that are not denominated in the base currency shall be appropriately hedged;
  - (j) the Sub-Fund must hold at least 7.5% of its total Net Asset Value in daily liquid assets and at least 15% of its total Net Asset Value in weekly liquid assets.

For the purposes herein:

- (1) daily liquid assets refers to (i) cash; (ii) instruments or securities convertible into cash (whether by maturity or through exercise of a demand feature) within one Business Day; and (iii) amount receivable and due unconditionally within one Business Day on pending sales of portfolio securities;
  - (2) weekly liquid assets refers to (i) cash; (ii) instruments or securities convertible into cash (whether by maturity or through exercise of a demand feature) within five Business Days; and (iii) amount receivable and due unconditionally within five Business Days on pending sales of portfolio securities; and
  - (3) periodic stress testing is expected to be carried out by the Manager in monitoring a Sub-Fund's liquidity; and
- (k) a Sub-Fund that offers a stable or constant Net Asset Value or which adopts an amortised cost accounting for valuation of its assets may only be considered by the SFC on a case-by-case basis.

## Investment Prohibitions

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

- (a) 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 investment restrictions and limitations set out in paragraphs 1(a), 1(b), 1(d), 1(e) and 1(k)(1) of this sub-section, where applicable. For the avoidance of doubt, where investments are made in listed REITs, the requirements under paragraphs 1(a), 1(b) and 1(d) of this sub-section apply and where investments are made in unlisted REITs, which are either companies or collective investment schemes, then the requirements under paragraphs 1(e) and 1(k)(1) of this sub-section apply respectively;
- (b) make short sales if as a result a Sub-Fund would be required to deliver Securities exceeding 10% of its total Net Asset Value (and for this purpose, Securities which is to be sold short must be actively traded on a market where short selling is permitted). For the avoidance of doubt, a 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);
- (c) subject to paragraph 1(e) of this sub-section, 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 requirements as set out in Chapters 7.32 to 7.35 of the Code;
- (d) subject to paragraph 1(e) of this sub-section, lend or make a loan out of the assets of a 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;
- (e) enter into any obligation in respect of a Sub-Fund or acquire any asset or engage in any transaction for the account of a 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;
- (f) invest in any Securities 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; or
- (g) apply any part of a 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 a Sub-Fund whereby such amount of cash or near cash has not been segregated to cover a future or contingent commitment arising from transaction in FDIs for the purposes of paragraph 6.7 of this sub-section.

### 3.2. The investment restrictions set out in paragraphs 1 and 3.1 of this sub-section apply to each Sub-Fund, subject to the following in relation to an Index Tracking Sub-Fund:

- (a) notwithstanding paragraph 1(a) above, more than 10% of the Net Asset Value may be invested in Index Securities issued by a single entity provided that (i) it is limited to any Index Securities that each accounts for more than 10% of the weighting of the Index and (ii) the relevant Index Tracking Sub-Fund's holding of any such Index 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;
- (b) however, the restrictions in paragraph 3.2(a) of this sub-section do not apply if:
  - (1) the relevant Index Tracking Sub-Fund adopts a representative sampling strategy which does not involve full replication of the Index Securities of the Index in the exact weightings

- of such Index;
- (2) the strategy is clearly disclosed in the relevant Appendix;
  - (3) the excess of the weightings of the Index Securities held by the relevant Index Tracking Sub-Fund over the weightings in the Index is caused by the implementation of the representative sampling strategy;
  - (4) any excess weightings of the relevant Index Tracking Sub-Fund's holdings over the weightings in the Index must be subject to a maximum limit reasonably determined by the relevant Index Tracking Sub-Fund after consultation with the SFC. In determining this limit, the relevant Index Tracking Sub-Fund must consider the characteristics of the Index Securities, their weightings and the investment objectives of the Index and any other suitable factors;
  - (5) limits laid down by the relevant Index Tracking Sub-Fund pursuant to the point (4) above must be disclosed in the relevant Appendix; and
  - (6) disclosure must be made in the relevant Index Tracking Sub-Fund's interim and annual reports as to whether the limits imposed by such Index Tracking Sub-Fund itself pursuant to the above point (4) 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.

#### Securities Financing Transactions

- 4.1. Where indicated in the relevant Appendix, a Sub-Fund may enter into securities lending transactions, sale and repurchase transactions, reverse repurchase transactions and other similar over-the-counter 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.
- 4.2. A Sub-Fund which engages in securities financing transactions is subject to the following requirements:
  - (a) 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;
  - (b) 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 to the extent permitted by applicable legal and regulatory requirements, shall be returned to the Sub-Fund;
  - (c) it shall ensure that it is able at any time to recall the securities or the full amount of cash / collateral (as the case may be) subject to the securities financing transactions or terminate the securities financing transactions into which it has entered.

#### Borrowing

5. Subject always to the provisions of the Trust Deed and the Code, borrowing against the assets of each 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 out in the sub-section headed "Securities Financing Transactions" above are also not borrowings for the purpose of, and are not subject to the borrowing restrictions under this paragraph. The Trustee may, at the request of the Manager, borrow for the account of a Sub-Fund any currency, and charge or pledge assets of a 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 each Sub-Fund; or
- (c) for any other proper purpose as may be agreed by the Manager and the Trustee from time to time.

## FDIs

- 6.1. Subject always to the provisions of the Trust Deed and the Code, the Manager may on behalf of a Sub-Fund enter into any transactions in relation to FDIs, for hedging or non-hedging (investment) purposes.
- 6.2. Where specified in the relevant Appendix, a Sub-Fund may acquire FDIs for hedging purposes. FDIs are considered as being acquired for hedging purpose if they meet all of the following criteria:
  - (a) they are not aimed at generating any investment return;
  - (b) they are solely intended for the purpose of limiting, offsetting or eliminating the probability of loss or risks arising from the investments being hedged;
  - (c) they should relate to the same asset class with high correlation in terms of risks and return, and involve taking opposite positions, in respect of the investments being hedged; and
  - (d) they exhibit price movements with high negative correlation with the investments being hedged under normal market conditions.
- 6.3. Hedging arrangement should be adjusted or re-positioned, where necessary and with due consideration on the fees, expenses and costs, to enable the relevant Sub-Fund to meet its hedging objective in stressed or extreme market conditions.
- 6.4. Where specified in the relevant Appendix, a 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 a Sub-Fund pursuant to Chapter 8.8 or Chapter 8.9 of the Code), provided that such limit may be exceeded in such circumstances as permitted under the Code, handbook, code and/or guideline issued by the SFC from time to time or permitted by the SFC from time to time. For the avoidance of doubt:
  - (a) for the purpose of calculating net derivative exposure, the positions of FDIs acquired by a 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.
- 6.5. Subject to paragraphs 6.4 and 6.6 of this sub-section, a Sub-Fund may invest in FDIs provided that the exposure to the underlying assets of the FDIs, 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 paragraphs 1(a), 1(b), 1(c), 1(g), 1(h), 1(k)(1), 1(k)(2), proviso (i), (ii) and (iii) to paragraph 1(k)(2) and paragraph 3.1(a) of this sub-section.
- 6.6. The FDIs invested by a 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, 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 FDIs are not required to be aggregated for the purposes of the investment restrictions or limitations set out in paragraphs 1(a), 1(b), 1(c) and 1(g) of this sub-section provided that the relevant Index is in compliance with the requirements under 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 1(a) and 1(b) of this sub-section, the 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 a 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 acceptable; 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 / 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.

6.7. A 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. 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 under 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 a Sub-Fund should also be covered as follows:

- (a) 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
- (b) 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. Where it is 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.

6.8. Paragraphs 6.1 to 6.7 of this sub-section apply to financial instruments which embed financial derivatives as well. For the purposes herein, an "embedded financial derivative" is a FDI that is embedded in another security.

#### Collateral

7.1. Collateral received from counterparties shall comply with the following requirements:

- Liquidity – collateral must be sufficiently liquid and tradable that it can be sold quickly at a robust

price that is close to pre-sale valuation, and 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. Other specific characteristics of the collateral, including, among others, asset types, issuer creditworthiness, residual maturity, price sensitivity, optionality, expected liquidity in stressed period, impact from foreign exchange, and correlation between securities accepted as collateral and the securities involved in the transactions, should also be considered where appropriate;
- Diversification – collateral must be appropriately diversified to avoid concentrated exposure to any single entity and/or Entities within the Same Group and a 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 paragraphs 1(a), 1(b), 1(c), 1(g), 1(h), 1(k)(1), 1(k)(2), proviso (i), (ii) and (iii) to paragraph 1(k)(2) and paragraph 3.1(a) of this sub-section;
- Correlation – the value of the collateral should not have any significant correlation with the creditworthiness of the counterparty or the issuer of the FDIs, or the counterparty of securities financing transactions in such a way that 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 shall 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 of collateral – any re-investment of cash collateral received for the account of the Sub-Fund shall be subject to the following requirements:
  - (i) save as otherwise provided in paragraph (v) below, 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 this purpose, “money market instruments” refer to securities normally dealt in on the money markets, including government bills, certificates of deposit, commercial papers, short-term notes and bankers’ acceptances, etc. In assessing whether a money market instrument is of high quality, at a minimum, the credit quality and the liquidity profile of the money market instruments must be taken into account. Non-cash collateral received may not be sold, re-invested or pledged;
  - (ii) the portfolio of assets from re-investment of cash collateral shall comply with the requirements as set out in Chapter 8.2(f) and (n) of the Code;
  - (iii) cash collateral received is not allowed to be further engaged in any securities financing transactions;

- (iv) 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;
- (v) subject to prior consultation with the SFC, cash collateral received from sale and repurchase transactions may be reinvested in investments other than those set out in sub-paragraphs (i) to (iv) above if the following requirements are met:
  - (A) the re-investment, together with the Sub-Fund's net derivative exposure, do not in aggregate exceed 50% of the Sub-Fund's Net Asset Value;
  - (B) the re-investment is consistent with the Sub-Fund's investment objective and strategies;
  - (C) the re-investment is limited to securities which are sufficiently liquid and of good quality; and
  - (D) the re-investment is subject to the corresponding investment restrictions and limitations applicable to such investments or exposures as set out in Chapter 7 of the Code and complies with the requirements as set out in sub-paragraphs (iii) and (iv) above.

Reinvestment of cash collateral received from sale and repurchase transactions in compliance with the requirements set out in this sub-paragraph (v) shall not be subject to the limitation in Chapter 7.21 of the Code which allows borrowing of a Sub-Fund of up to 10% of the Sub-Fund's Net Asset Value;

- 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.

7.2. Further details relating to the collateral policy of the Company and/or the relevant Sub-Fund are disclosed in Schedule 2 of this Prospectus.

7.3. Where a Sub-Fund receives 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 financial reports for the relevant period as required under Appendix E of the Code.

If any of the investment restrictions or limitations set out above is breached in respect of a Sub-Fund, the Manager will take as a priority objective all steps as are necessary within a reasonable period of time to remedy the situation, taking due account of the interests of the Unitholders of that Sub-Fund.

#### QFI regime

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

The QFI regime is currently governed by (i) the “Measures for the Administration of Domestic Securities and Futures Investment by Qualified Foreign Institutional Investors and RMB Qualified Foreign Institutional Investors” (in Chinese 《合格境外機構投資者和人民幣合格境外機構投資者境內證券期貨投資管理辦法》) jointly issued by the CSRC, the PBOC and the SAFE on 25 September 2020 and effective from 1 November 2020; (ii) the “Provisions on Issues Concerning the Implementation of the Measures for the Administration of Domestic Securities and Futures Investment by Qualified Foreign Institutional Investors and RMB Qualified Foreign Institutional Investors” (in Chinese 關於實施《合格境外機構投資者和人民幣合格境外機構投資者境內證券期貨投資管理辦法》有關問題的規定) issued by the CSRC on 25 September 2020 and effective from 1 November 2020; (iii) the “Regulations on Capital Management of Domestic Securities and Futures Investments by Foreign Institutional Investors” (in Chinese 《境外機構投資者境內證券期貨投資資金管理規定》) jointly issued by the PBOC and the SAFE on 7 May 2020 and effective from 6 June 2020) (the “**Fund**

**Administration Provisions**"); and (iv) any other applicable regulations promulgated by the relevant authorities (collectively, the **"QFI Regulations"**).

Based on the QFI Regulations, the Qualified Foreign Institutional Investors (**"QFII"**) regime and the RMB Qualified Foreign Institutional Investor (**"RQFII"**) regime have been merged and been regulated by the same set of regulations, and the previously separate requirements for QFII and RQFII qualifications are unified. A foreign institutional investor outside the PRC may apply to the CSRC for the QFI status. A qualified foreign investor granted the QFI license is a QFI holder. QFII holders and RQFII holders are both QFI holders. There is no need for such foreign institutional investors having had QFII status and/or RQFII status to re-apply for the QFI license.

According to the Fund Administration Provisions, for remittance of foreign currencies, a QFI holder shall open foreign exchange account(s) for the remitted funds in foreign currencies and a corresponding RMB special deposit account for each relevant foreign exchange account; for remittance of offshore RMB funds, a QFI holder shall open RMB special deposit account(s) for the remitted funds in offshore RMB. The Manager has obtained QFI status pursuant to the QFI Regulations.

The Manager is able to select whether to use foreign convertible currencies or RMB to make investment under the QFI regime.

#### Investment in the CIBM via Foreign Access Regime

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

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

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

In terms of fund remittance, foreign investors (such as the Sub-Fund) may remit investment principal in RMB or foreign currency into Mainland China for investing in the CIBM. An investor will need to remit investment principal matching at least 50% of its anticipated investment size within nine months after the completion of the filing with the Shanghai Head Office of the PBOC, or else an updated filing will need to be made through the onshore settlement agent. For repatriation, where the Sub-Fund repatriates funds out of Mainland China, the ratio of RMB to foreign currency (**"Currency Ratio"**) should generally match the original Currency Ratio when the investment principal was remitted into Mainland China, with a maximum permissible deviation of 10%.

#### Investment in the CIBM via Northbound Trading Link under Bond Connect

Bond Connect is an initiative launched in July 2017 for mutual bond market access between Hong Kong and Mainland China established by CFETS, China Central Depository & Clearing Co., Ltd, Shanghai Clearing House, Hong Kong Exchanges and Clearing Limited and Central Moneymarkets Unit.

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

- (a) the "Interim Measures for the Administration of Mutual Bond Market Access between Mainland China

and Hong Kong (Decree No.1 [2017])" (內地與香港債券市場互聯互通合作管理暫行辦法 (中國人民銀行令(2017)第 1 號)) issued by the PBOC on 21 June 2017;

- (b) the "Guide on Registration of Overseas Investors for Northbound Trading in Bond Connect" (中國人民銀行上海總部"債券通"北向通境外投資者准入備案業務指引) issued by the Shanghai Head Office of PBOC on 22 June 2017; and
- (c) any other applicable regulations promulgated by the relevant authorities.

Under the prevailing regulations in Mainland China, eligible foreign investors are allowed to invest in the bonds circulated in the CIBM through the northbound trading of Bond Connect ("**Northbound Trading Link**"). There is no investment quota for Northbound Trading Link.

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

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

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

*This section contains disclosure relating to the Listed Class Units only. Unless the context otherwise requires, references to “Units” and “Unitholders” in this section shall be construed to refer to Listed Class Units of a Sub-Fund or a Unitholder of such Listed Class Units and references to a “Sub-Fund” in this section shall be construed to a Sub-Fund which offers Listed Class Units. For information relating to the offer, subscription, switching and redemption of the Unlisted Class Units, please refer to the section headed “PROVISIONS RELATING TO THE OFFER, SUBSCRIPTION, SWITCHING AND REDEMPTION OF THE UNLISTED CLASS UNITS” of this Prospectus.*

### **The Offering Phases of the Listed Class Units**

#### **Initial Offer Period**

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

Unless otherwise stated in the relevant Appendix, the latest date for making a Creation Application for Listed Class Units is 4:00 p.m. (Hong Kong time), three 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 Manager (with a copy to the Trustee) on a Business Day no later than 3 Business Days prior to the Listing Date unless otherwise stated in the relevant Appendix.

If a Creation Application is received and accepted by the Manager after the deadline as specified in the Appendix, 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 or whole multiples thereof, which is the number of Listed Class Units specified in the relevant Appendix. Participating Dealers (acting for themselves or for their clients) can apply for Listed Class Units on each Dealing Day at the Issue Price.

Please refer to the sub-section headed “**Creations and Redemptions (Primary Market) of the Listed Class Units**” below for the operational procedures in respect of Creation Applications.

#### **After Listing**

The After Listing phase commences on the Listing Date and continues until the relevant Sub-Fund (or the relevant Listed Class Units) is terminated.

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

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

#### *Buying and selling of Listed Class Units on the SEHK*

After Listing, all investors can buy and sell Listed Class Units in the secondary market in Trading Board Lot Size (as described in the section “**Key Information**” in the relevant Appendix) 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 of the Listed Class 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 a Listed Class Unit in the secondary market may be higher or lower than Net Asset Value per Unit of the Listed Class.

Please refer to the section headed “**EXCHANGE LISTING AND TRADING (SECONDARY MARKET) OF THE LISTED CLASS UNITS**” of this Prospectus for further information in respect of buying and selling of Listed Class Units on the SEHK.

#### *Creations and Redemptions of Listed Class Units Through Participating Dealers*

Listed Class Units will continue to be created and redeemed in the primary market at the Issue Price and Redemption Price respectively through Participating Dealers in Application Unit size or multiples thereof. Where stated in the relevant Appendix, in-kind creations or in-kind redemptions may be permitted by the Manager. The Application Unit size and currency for settlement are as set out in the relevant Appendix.

To be dealt with on a Dealing Day, the relevant Participating Dealer must submit the Applications to the Manager (with a copy to the Trustee) before the Dealing Deadline in respect of the relevant Dealing Day, unless otherwise determined by the Manager. Any Application received after the Dealing Deadline will be considered as received on the next Dealing Day unless otherwise determined by the Manager. If an Application is received and accepted (a) with a trade date specified on a day which is not a Dealing Day or (b) after the relevant Dealing Deadline in respect of a Dealing Day, that Application shall be treated as having been received at the opening of business on the next Dealing Day, which shall be the relevant Dealing Day for the purposes of that Application (or if the Dealing Deadline for a Sub-Fund is on the Business Day before a Dealing Day, the relevant Dealing Day for the purposes of that Application shall be the Dealing Day after the day the Application is treated as having been received), unless otherwise determined by the Manager in the case of (b). 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 Listed Class Units (whether in cash or in-kind) is due by such time as agreed in the Operating Guidelines on the relevant Dealing Day, unless the Manager and the Trustee agree with the relevant Participating Dealer to accept later settlement generally or in any particular case.

Settlement of Listed Class Units for redeeming Listed Class Units is due 2 Business Days (unless as otherwise stated in the relevant Appendix) after the Dealing Day, unless the Manager and the Trustee agree with the relevant Participating Dealer to accept later settlement generally or in any particular case.

Notwithstanding any Multi-Counter (if applicable) for Listed Class Units, all settlement is in the base currency of the relevant Sub-Fund only.

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

#### **Timetable**

##### *Initial Offer Period of Listed Class Units*

The Initial Offer Period and the Listing Date of Listed Class Units of a new Sub-Fund is set out in the Appendix of the new Sub-Fund.

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

are permitted during the Initial Offer Period.

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 the Listed Class 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 and which may change from time to time. The Dealing Deadline in respect of Listed Class Units in a Sub-Fund may also change due to market related events. 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 Units on their behalf.

#### *After Listing of Listed Class Units*

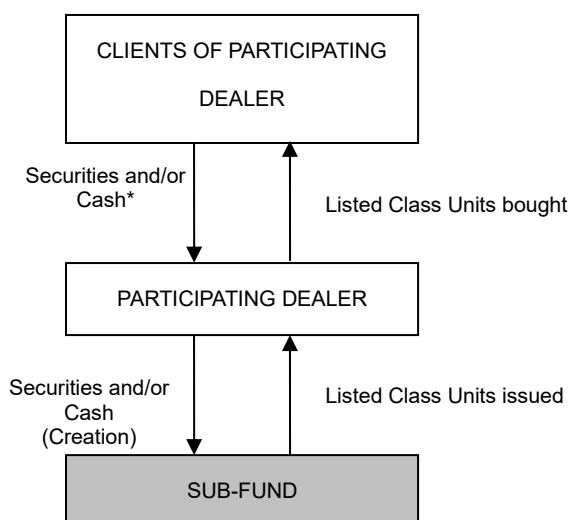
“After Listing” commences on the Listing Date and continues until the relevant Listed Class Units, the relevant Sub-Fund or the Trust is terminated.

All investors may buy and sell Listed Class 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 Units in the primary market.

#### **Diagrammatic Illustration of Investment in the Listed Class Units of a Sub-Fund**

The diagrams below illustrate the creation or redemption and the buying or selling of Listed Class Units:

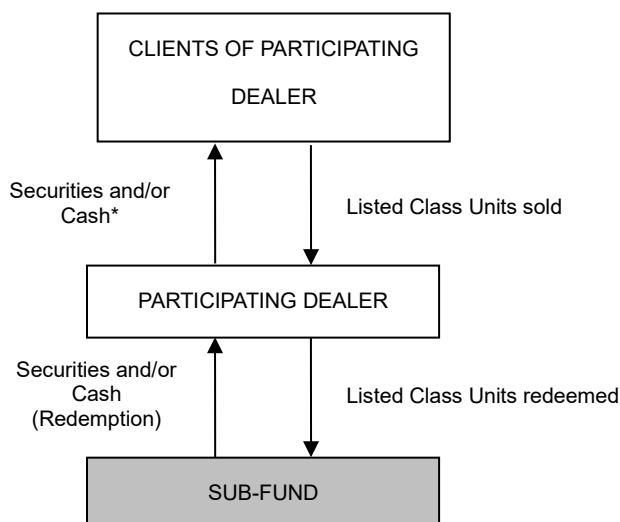
(a) Creation and buying of Listed Class Units in the primary market – Initial Offer Period and After Listing



*\* Clients of a Participating Dealer may agree with the Participating Dealer settlement in a different currency to the creation currency.*

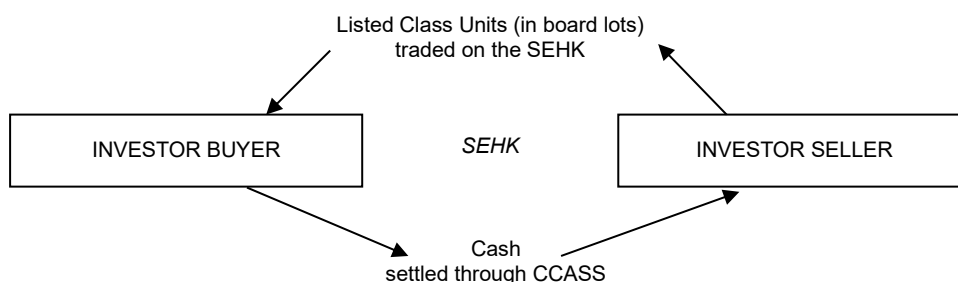


(b) Redemption and selling of Listed Class Units in the primary market – After Listing



\* Clients of a Participating Dealer may agree with the Participating Dealer settlement in a different currency to the redemption currency.

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



**Summary of Offering Methods of Listed Class Units and Related Fees**

*Initial Offer Period of Listed Class Units*

| Method of Offering*   | Minimum Number of Listed Class Units (or multiple thereof) | Channel                       | Available to  | Consideration, Fees and Charges**   |
|---|--|-------------------------------|---|---|
| Cash creation (in the currency as specified in the relevant Appendix) | Application Unit size (see relevant Appendix)              | Through Participating Dealers | Any person acceptable to the Participating Dealer as its client | Cash<br>Transaction Fee<br>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)<br>Duties and Charges |

|                  |   |                               |   |  |
|------------------|---|-------------------------------|---|--|
| In-kind creation | Application Unit size (see relevant Appendix) | Through Participating Dealers | Any person acceptable to the Participating Dealer as its client | Portfolio of Securities<br>Cash component<br>Transaction Fee<br>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)<br>Duties and Charges |
|------------------|---|-------------------------------|---|--|

*After Listing*

| <b>Method of Acquisition or Disposal of Listed Class Units*</b>          | <b>Minimum Number of Listed Class Units (or multiple thereof)</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) | Trading Board Lot Size (see relevant Appendix)                    | On the SEHK                   | Any investor  | Market price of Units on SEHK<br>Brokerage fees (in such currency as determined by individual brokers), transaction levy, AFRC transaction levy, SEHK trading fee and Duties and Charges  |
| Cash creation and redemption   | Application Unit size (see relevant Appendix)                     | Through Participating Dealers | Any person acceptable to the Participating Dealer as its client | Cash (in the currency as specified in the relevant Appendix)<br>Transaction Fee<br>Any fees and charges imposed by the Participating Dealer (payable to the Participating Dealer in the currency determined by or agreed with it)<br>Duties and Charges |
| In-kind creation and redemption  | Application Unit size (see relevant Appendix)                     | Through Participating Dealers | Any person acceptable to the Participating Dealer as its client | Portfolio of Securities<br>Cash component<br>Transaction Fee<br>Any fees and charges imposed by the Participating Dealer (payable to the  |

|  |  |  |  |   |
|--|--|--|--|---|
|  |  |  |  | Participating Dealer in the currency determined by or agreed with it)<br>Duties and Charges |
|--|--|--|--|---|

\* *The methods of creation available to the Participating Dealers in respect of Listed Class Units of each Sub-Fund, whether in-kind and/or in cash, are specified in the relevant Appendix.*

\*\* *Please refer to “FEES AND EXPENSES” for further details. The currency for payment of subscription monies is specified in the relevant Appendix.*

## **Creations and Redemptions (Primary Market) of the Listed Class Units**

### **Investment in Listed Class Units of a Sub-Fund**

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

The first method is to create Listed Class Units at the Issue Price of the Listed Class Units or redeem Listed Class Units at the Redemption Price of the Listed Class Units 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 relevant Sub-Fund. Where a Sub-Fund has a Multi-Counter, all creation and redemption for all Listed Class Units must be in the base currency of that Sub-Fund. Because of the size of the capital investment (i.e. Application Unit size) required either to create or redeem Listed Class 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 Listed Class 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 Listed Class Units in the secondary market on the SEHK which is more suitable for retail investors. The secondary market price per Unit of the Listed Class may trade at a premium or discount to the Net Asset Value per Unit of the Listed Class of the relevant Sub-Fund.

This sub-section of this Prospectus describes the first method of investment and should be read in conjunction with the Participation Agreement and the Trust Deed. The section headed “**EXCHANGE LISTING AND TRADING (SECONDARY MARKET) OF THE LISTED CLASS UNITS**” of this Prospectus relates to the second method of investment.

### **Creation of Listed Class Units Through Participating Dealers**

Any application for the creation of Listed Class Units of a Sub-Fund must only be made through a Participating Dealer in respect of an Application Unit size or whole multiple thereof as set out in the “**Key Information**” section in the relevant Appendix. Investors cannot acquire Listed Class Units directly from a Sub-Fund. Only Participating Dealers may submit Creation Applications to the Manager (with a copy to the Trustee).

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

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

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 relevant Listed Class, (ii) the redemption of Units of the relevant Listed Class, and/or (iii) the determination of Net Asset Value of the relevant Listed Class 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 (i) for an Index Tracking Sub-Fund, any of the Securities and/or Futures Contracts (as the case may be) in the relevant Index or (ii) for a Sub-Fund that is not an Index Tracking Sub-Fund, a substantial part of the investments of the Sub-Fund;
- (c) where acceptance of the creation request or any Security in connection with such 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*

The methods and currency of creation available to the Participating Dealers in respect of each Sub-Fund, whether in-kind (i.e. the creation of Listed Class Units in exchange for a transfer of Securities) or in cash or both in-kind and in cash, are specified in the relevant Appendix. 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. Specifically, the Manager has the right to (a) accept cash equal to or in excess of the market value at the Valuation Point for the relevant Dealing Day of such Security in lieu of accepting such Security as constituting part of the Creation Application; or (b) accept cash collateral on such terms as it determines if (i) such Security is likely to be unavailable for delivery or available in insufficient quantity for delivery to the Trustee in connection with the Creation Application; or (ii) the Participating Dealer is restricted by regulation or otherwise from investing or engaging in a transaction in that Security.

A Participating Dealer may impose fees and charges in handling any creation request which would increase the cost of investment. Investors 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 each 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 a Sub-Fund can be submitted by it to the Manager (with a copy to the Trustee). Investors 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 a Sub-Fund is the number of Listed Class Units specified in the relevant Appendix. Creation Applications submitted in respect of Listed Class Units other than in Application Unit size or whole multiples thereof will not be accepted. The minimum subscription for each Sub-Fund is one Application Unit.

### *Creation Process*

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

The current Dealing Deadline After Listing in respect of the relevant Dealing Day is specified in the relevant Appendix, or such other time as the Manager (in consultation with the Trustee) may determine on any day when the trading hours of the SEHK, the Recognised Futures Exchange or the Recognised Stock Exchange 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 Listed Class Units and the Listed Class (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 Listed Class 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 Listed Class 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 Listed Class Units of the Sub-Fund, (ii) the redemption of Listed Class 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 relevant market on which (i) for an Index Tracking Sub-Fund, a Security and/or Futures Contract (as the case may be) that is a component of the Index for the Sub-Fund) or (ii) for a Sub-Fund that is not an Index Tracking Sub-Fund, a substantial part of the investments of the Sub-Fund, has its primary listing;
- (d) where there is in existence any trading restriction or limitation such as the occurrence of a market disruption event, suspected market misconduct or the suspension of dealing in relation to (i) for an Index Tracking Sub-Fund, any of the Securities and/or Futures Contracts (as the case may be) that is a component of the relevant Index for the Sub-Fund or (ii) for a Sub-Fund that is not an Index Tracking Sub-Fund, a substantial part of the investments of the Sub-Fund;
- (e) where acceptance of the Creation Application would render the Manager in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Manager necessary for compliance with applicable legal and regulatory requirements;
- (f) circumstances outside the control of the Manager make it for all practicable purposes impossible to process the Creation Application; or
- (g) any period during which the business operations of the Manager, the Trustee, the Registrar or any delegate of the Manager, the Trustee or the Registrar in respect of a Creation Application in the relevant 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 Listed Class 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 Registrar to effect (i) for the account of the Sub-Fund, the creation of Listed Class Units in Application Unit size in exchange for a transfer of cash and/or Securities (at the discretion of the Participating Dealer but subject to the Manager's agreement); and (ii) the issue of Listed Class Units to the Participating Dealer, both in accordance with the Operating Guidelines and the Trust Deed.

#### *Issue of Listed Class Units*

Listed Class 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) representing an appropriate provision for Duties and Charges. Please refer to the sub-section headed "**Issue Price and Redemption Price**" under the section headed "**DETERMINATION OF NET ASSET VALUE**" of this Prospectus for the calculation of the Issue Price.

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

Listed Class Units are denominated in the base currency of the relevant Sub-Fund (unless otherwise determined by the Manager) as set out in the relevant Appendix and no fractions of a Unit shall be created or issued.

The creation and issue of Listed Class Units pursuant to a Creation Application shall be effected on the relevant Settlement Day in relation to the Dealing Day for which the Creation Application is received (or deemed received) and accepted in accordance with the Operating Guidelines but, for valuation purposes only, Listed Class 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 the register will be updated on the relevant Settlement Day or the Dealing Day immediately following the Settlement Day if the settlement period is extended, subject to the Trustee confirming to the Registrar that settlement has occurred. If a Creation Application is received and accepted (a) with a trade date specified on a day which is not a Dealing Day or (b) 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 Dealing Day, which shall be the relevant Dealing Day for the purposes of that Creation Application (or if the Dealing Deadline for a Sub-Fund is on the Business Day before a Dealing Day, the relevant Dealing Day for the purposes of that Creation Application shall be the Dealing Day after the day the Creation Application is treated as having been received), unless otherwise agreed by the Manager in the case of (b).

The Trustee shall be entitled to refuse to enter (or allow to be entered) Listed Class 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 Listed Class Units, are being infringed.

#### *Fees Relating to Creation Applications*

The Service Agent, the Conversion Agent, the Registrar and/or the Trustee 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). The Transaction Fee shall be paid by or on behalf of the Participating Dealer applying for such Listed Class 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 relevant Service Agent, the Conversion Agent, the Registrar and/or the Trustee. See the section headed "**FEES AND EXPENSES**" of this Prospectus for further details.

In relation to cash creation of Listed Class Units, the Manager reserves the right to require the Participating Dealer to pay or cause to be paid an additional sum as the Manager in its discretion considers appropriate for the Duties and Charges and any incidental costs associated with the creation of Listed Class 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 Listed Class Unit shall not be added to the Issue Price of such Listed Class Unit and shall not be paid from the Deposited Property of any Sub-Fund.

### **Cancellation of Creation Applications**

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

The Trustee, after consultation with the Manager, may cancel a creation order in respect of any Listed Class Units deemed created pursuant to a Creation Application if (a) all the Securities and/or Futures Contracts relating to the Creation Application have not been vested by the Initial Issue Date or subsequently the relevant Settlement Day upon the trusts hereof in the Trustee or to the Trustee's satisfaction or evidence of title and instruments of transfer satisfactory to the Trustee have not been produced to or to the order of the Trustee; or (b) the full amount of (i) any cash payable in connection with the relevant Creation Application and (ii) any Duties and Charges, incidental costs associated with the creation of Listed Class Units and Transaction Fee payable have not been received in cleared funds by or on behalf of the Trustee by such time on the Initial Issue Date or subsequently on the relevant Settlement Day as prescribed in the Operating Guidelines, provided that the Manager may at its discretion, in consultation with the Trustee, (a) 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 an Extension Fee to the Manager or the Trustee or their Connected Persons or otherwise as it may determine) as the Manager may determine and in accordance with the provisions of the Operating Guidelines; or (b) partially settle the Creation Application to the extent to which Securities and/or Futures Contracts and/or cash has been vested in, or to the account of the Trustee, on such terms and conditions the Manager may, in consultation with the Trustee, determine including terms as to any extension of the settlement period for the outstanding Securities or cash.

In addition to the preceding circumstances, the Manager may also cancel any creation order of any Listed Class 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 Listed Class Units deemed created pursuant to a Creation Application as provided for above or if a Participating Dealer otherwise withdraws a Creation Application (other than in certain circumstances contemplated in the Trust Deed such as when the Manager declares a suspension of creations of Listed Class Units), the Securities deposited for exchange that have been vested in the Trustee and/or any cash received by or on behalf of the Trustee in connection with the relevant Creation Application (in either case in respect of such cancelled Listed Class Units) shall be redelivered to the Participating Dealer (excluding interest) and the relevant Listed Class Units shall be deemed for all purposes never to have been created and the relevant Participating Dealer therefore shall have no right or claim against the Manager, the Trustee, the Registrar, the Conversion Agent and/or the Service Agent in respect of such cancellation provided that:

- (a) the Trustee may charge the relevant Participating Dealer an application cancellation fee (see the section headed "**FEES AND EXPENSES**" of this Prospectus 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 relevant Sub-Fund, in respect of each Listed Class Unit so cancelled Cancellation Compensation, being the amount (if any) by which the Issue Price of each such Listed Class Unit exceeds the Redemption Price which would have applied in relation to each such Listed Class Unit if the Participating Dealer had, on the date on which such Listed Class Units are cancelled, made a Redemption Application, together with charges, expenses and losses incurred by the Sub-Fund as a result of any 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, the Conversion Agent

and/or the Service Agent (see the section headed “**FEES AND EXPENSES**” of this Prospectus 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 Listed Class Units.

### **Redemption of Listed Class Units Through Participating Dealers**

Any application for the redemption of Listed Class Units in a Sub-Fund must only be made through a Participating Dealer in respect of an Application Unit size or whole multiples thereof. Investors cannot redeem Listed Class Units directly from the relevant Sub-Fund. Only Participating Dealers may submit Redemption Applications to the Manager (with a copy to the Trustee).

A Participating Dealer may redeem Listed Class 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 Manager (with a copy to the Trustee).

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 Listed Class Units, (ii) the redemption of Listed Class Units, and/or (iii) the determination of Net Asset Value of the relevant Listed Class 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 (i) for an Index Tracking Sub-Fund, any of the Securities and/or Futures Contracts (as the case may be) in the Index or (ii) for a Sub-Fund that is not an Index Tracking Sub-Fund, a substantial part of the investments of the Sub-Fund;
- (c) where acceptance of the redemption request would render the Participating Dealer in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Participating Dealer necessary for compliance with applicable legal and regulatory requirements;
- (d) circumstances outside the control of the Participating Dealer make it for all practicable purposes impossible to process the redemption request; or
- (e) during any period when the business operations of the Participating Dealer are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riot, strikes or acts of God.

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

The methods and currency of redemption available to the Participating Dealers in respect of each Sub-Fund, whether in-kind (i.e. the redemption of Listed Class Units in exchange for a transfer of Securities plus any cash amount) or in cash only, are as set out in the relevant Appendix. 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.

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 relevant fees and charges. Although the Manager has a duty to monitor the operations of each 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 a Sub-Fund can be submitted by it to the Manager (with a copy to the Trustee). 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 a Sub-Fund is the number of Listed Class Units specified in the relevant Appendix. Redemption Applications submitted in respect of Listed Class Units other than in Application Unit size will not be accepted. The minimum redemption for each Sub-Fund is one Application Unit.

#### *Redemption Process*

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

If a Redemption Application is received and accepted (a) with a trade date specified on a day which is not a Dealing Day or (b) after the relevant Dealing Deadline on a Dealing Day, that Redemption Application shall be treated as having been received at the opening of business on the next Dealing Day, which shall be the relevant Dealing Day for the purposes of that Redemption Application (or if the Dealing Deadline for a Sub-Fund is on the Business Day before a Dealing Day, the relevant Dealing Day for the purposes of that Redemption Application shall be the Dealing Day after the day the Redemption Application is treated as having been received), unless otherwise determined by the Manager in the case of (b). The current Dealing Deadline After Listing on the relevant Dealing Day is specified in the relevant Appendix, 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 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 Listed Class Units and the Listed Class (where applicable) which are the subject of the Redemption Application; and
- (c) include the certifications required in the Operating Guidelines (if any) in respect of redemptions of Listed Class 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 Listed Class 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 relevant Listed Class, (ii) the redemption of Units of the relevant Listed Class, and/or (iii) the determination of Net Asset Value of the relevant Listed Class is suspended;
- (b) where in the opinion of the Manager, acceptance of the Redemption Application would have an adverse effect on the relevant Sub-Fund or on a market on which (i) for an Index Tracking Sub-Fund, an Index Security and/or Index Futures Contract (as the case may be) or (ii) for a Sub-Fund that is not an Index Tracking Sub-Fund, a substantial part of the investments of the Sub-Fund, has its primary listing;
- (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 (i) for an

Index Tracking Sub-Fund, any of the Index Securities and/or Index Futures Contracts (as the case may be); or (ii) for a Sub-Fund that is not an Index Tracking Sub-Fund, a substantial part of the investments of the Sub-Fund;

- (d) where acceptance of the Redemption Application would render the Manager in breach of any regulatory restriction or requirement, internal compliance or internal control restriction or requirement of the Manager necessary for compliance with applicable legal and regulatory requirements;
- (e) circumstances outside the control of the Manager make it for all practicable purposes impossible to process the Redemption Application; or
- (f) any period during which the business operations of the Manager, the Trustee, the Registrar or any delegate of the Manager, the Trustee or the Registrar in respect of a Redemption Application in the relevant 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. Where for any reason there is a limit to the number of Listed Class Units that can be redeemed, priority will be given to Participating Dealers and the relevant Redemption Applications as set out in 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 (i) effect the redemption and cancellation of the relevant Listed Class Units; and (ii) require the Trustee to transfer to the Participating Dealer Securities and/or cash in accordance with the Operating Guidelines and the Trust Deed.

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

#### *Redemption of Listed Class 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 in accordance with the Operating Guidelines 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 Listed Class 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, any Duties and Charges and any incidental costs associated with the redemption of Listed Class Units (including but not limited to bid/ask spread and price slippage) have been either deducted or otherwise paid in full.

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

The Redemption Price of Listed Class Units tendered for redemption and cancellation shall be the Net Asset Value per Unit of the relevant Listed Class on the relevant Dealing Day on which the Redemption Application is received rounded down to the nearest 4 decimal places or to such other rounding as determined by the Manager from time to time in consultation with the Trustee. The benefit of any rounding adjustments will be retained by the relevant Listed Class. 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 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 Listed Class Units is not suspended.

The Manager may at its discretion extend the settlement period upon receipt of the extended settlement request by a Participating Dealer in respect of the Redemption Application on such terms and conditions (including as to the payment of any fees to the Manager or the Trustee or their respective Connected Persons or otherwise as it may determine) as the Manager and the Trustee may determine, in accordance with the Trust Deed and the Operating Guidelines.

#### *Fees Relating to Redemption Applications*

The Service Agent, the Conversion Agent, the Registrar and/or the Trustee may charge a Transaction Fee in respect of Redemption Applications and may on any day vary the amount of the Transaction Fee they charge (but not as between different Participating Dealers). 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 cash amount due to the Participating Dealer in respect of such Redemption Application(s)) for the benefit of the Trustee, the Registrar, the Conversion Agent and/or the Service Agent. Please refer to the section headed "**FEES AND EXPENSES**" of this Prospectus for further details.

In relation to cash redemption of Listed Class Units, notwithstanding the aforesaid regarding the redemption and cancellation of Listed Class Units based on Net Asset Value, the Manager may require the Participating Dealer to pay an additional sum as the Manager in its discretion considers appropriate for the Duties and Charges and any incidental costs associated with the redemption of Listed Class Units and the Transaction Fee payable. The Participating Dealer may pass on to the relevant investor such additional sum.

The Trustee, in consultation with 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.

The Conversion Agent may charge a Unit Cancellation Fee in connection with each accepted Redemption Application.

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

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

No Security shall be transferred and/or no cash amount shall be paid in respect of any Redemption Application unless Listed Class 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 set forth in the Trust Deed and/or Operating Guidelines as the Trustee and the Manager shall for the time being prescribe for Redemption Applications generally.

In the event that Listed Class 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 (other than in certain circumstances contemplated in the Trust Deed such as when the Manager declares a suspension of redemptions of Listed Class Units):

- (a) the Trustee may charge the relevant Participating Dealer for the account of the Registrar an application cancellation fee (see the section headed "**FEES AND EXPENSES**" of this Prospectus for further details);
- (b) the Manager may at its discretion require the Participating Dealer to pay to the Trustee, for the account of the relevant Sub-Fund, in respect of each Listed Class Unit so cancelled Cancellation Compensation, being the amount (if any) by which the Redemption Price of each such Listed Class Unit is less than the Issue Price which would have applied in relation to each such Listed Class Unit if the Participating Dealer had, on the actual date when the Manager is able to repurchase any replacement Securities made a Creation Application in accordance with the provisions of the Trust Deed plus such other amount as the Manager reasonably determines as representing any charges, expenses and losses incurred by the Sub-Fund as a result of such cancellation;

- (c) the Transaction Fee in respect of such Redemption Application shall remain due and payable (notwithstanding that the Redemption Application shall be deemed to never have been made) and once paid, shall be retained by and for the benefit of the Trustee, the Registrar and/or the Service Agent (see the section headed “**FEES AND EXPENSES**” of this Prospectus 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 Units and Unlisted Class Units) representing in aggregate more than 10% (or such higher percentage as the Manager may determine in respect of the Sub-Fund(s) as accepted by the SFC) of the total Net Asset Value or the total number of Units in a Sub-Fund then in issue, as determined by the Manager, the Manager may, in consultation with the Trustee, direct the Trustee to reduce the requests rateably and pro rata amongst all Unitholders 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 a Sub-Fund as accepted by the SFC) of the total Net Asset Value or the total number of Units in the Sub-Fund then in issue, as determined by the Manager. 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 relevant Sub-Fund themselves exceed 10% (or such higher percentage as the Manager may determine in respect of that Sub-Fund as accepted by the SFC) of the total Net Asset Value or the total number of Units in the relevant Sub-Fund then in issue) in priority to any other Units in the relevant 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.

### **Switching**

Investors should note that switching between Unlisted Class Units and Listed Class Units, by a Participating Dealer or otherwise, is not available.

### **Suspension of Creations and Redemptions**

The Manager may at its discretion (after consultation with the Trustee and, in respect of redemptions, where practicable following consultation with the relevant Participating Dealers), suspend the creation or issue of Units of any Listed Class of a Sub-Fund, suspend the redemption of Units of any Listed Class of a 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 in respect of any Creation Application and/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 (i) for an Index Tracking Sub-Fund, an Index Security and/or Index Futures Contract (as the case may be) or (ii) for a Sub-Fund that is not an Index Tracking Sub-Fund, a substantial part of the investments of the Sub-Fund, has its primary listing, or the official clearing and settlement depository (if any) of such market, is closed;
- (c) during any period when dealing on a market on which (i) for an Index Tracking Sub-Fund, an Index Security and/or Index Futures Contract (as the case may be) or (ii) for a Sub-Fund that is not an Index Tracking Sub-Fund, a substantial part of the investments of the Sub-Fund, has its primary listing is restricted or suspended;
- (d) during any period when, in the opinion of the Manager, settlement or clearing of Securities and/or Futures Contracts (as the case may be) 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 the case may be, as appropriate or disposal of investments for the time being comprised in the relevant Sub-Fund cannot, in the opinion of the Manager, be effected normally

or without prejudicing the interests of Unitholders of the relevant Sub-Fund;

- (f) in respect of an Index Tracking Sub-Fund only, during any period when the Index for the relevant Sub-Fund is not compiled or published;
- (g) during any breakdown in any of the means normally employed in determining the Net Asset Value of the relevant Sub-Fund or the Net Asset Value per Unit of the relevant Listed 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 relevant 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 relevant Sub-Fund is suspended or if any circumstance specified in the sub-section headed “**Suspension of Determination of Net Asset Value**” under the section headed “**DETERMINATION OF NET ASSET VALUE**” of this Prospectus below arises;
- (i) during any period when the Swap (if applicable) cannot be adjusted or reset for any reason;
- (j) during any period when the business operations of the Manager, the Trustee, the Registrar or any delegate of the Manager, the Trustee or the Registrar in respect of the creation or redemption of Listed Class Units in the relevant 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
- (k) (in respect of creation of Listed Class Units only) during any period when the subscription, switching and/or redemption of any Unlisted Class Units of the relevant Sub-Fund is suspended.

The Manager will, after giving notice to the Trustee, suspend the right to subscribe for Listed Class Units of the relevant Sub-Fund if, or if as a result of the investment of the proceeds of issue of such Listed Class 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 entity or such other percentage permitted in the section “**INVESTMENT OBJECTIVE, STRATEGY AND RESTRICTIONS, SECURITIES LENDING AND BORROWING**”. In addition, where all the Sub-Funds under the Trust hold in aggregate more than the limit of 10% of the ordinary shares issued by any single entity, 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 and unitholders of other Sub-Funds concerned.

The Manager shall immediately notify the SFC and publish a notice of suspension following the suspension, and at least once a month during the suspension, on the Trust’s website at <https://hk.taikangasset.cn/> (this website has not been reviewed by the SFC) 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**

Listed Class 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 Listed Class Units deposited with the CCASS and is holding such Listed Class Units for the participants in accordance with the General Rules of HKSCC and HKSCC Operational Procedures. 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 Listed Class Units. Investors owning Listed Class Units in CCASS are beneficial owners as shown on the records of the participating brokers or the relevant Participating Dealer(s) or PD Agent(s) (as the case may be) who are participants of CCASS.

### **Restrictions on Unitholders of Listed Class Units**

The Manager has power to impose such restrictions as it may think necessary in accordance with the Trust Deed including for the purpose of ensuring that no Listed Class 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 Listed Class Units are listed in circumstances which, in the Manager's opinion, might result in the Trust or any Sub-Fund suffering any adverse effect which the Trust or the relevant Sub-Fund might not otherwise have suffered;
- (b) in the circumstances which, in the Manager's opinion, may result in the Trust or any 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 any Sub-Fund, the Trustee or the Manager being subject to any additional regulatory compliance which the Trust or the relevant Sub-Fund, the Trustee or the Manager might not otherwise have incurred, suffered or been subject to; or
- (c) a breach of, or deemed breach by the Manager 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.

The foregoing would include acquisition or holding of Listed Class Units by any person or entity classified by the Manager as a "U.S. Person" due to such person or entity being subject to certain investment restrictions and/or restrictions relating to the direct or indirect holding of Listed Class Units as may be mandated under applicable U.S. laws and regulations (including any U.S. governmental orders or sanctions) which holding would result in any of the repercussions set out above or as provided in the Trust Deed.

The Manager may also restrict or prevent the ownership of Listed Class Units by any Unauthorised US Person being (i) a U.S. person within the meaning of Rule 902 of the United States Securities Act of 1933, (ii) a US resident within the meaning of the United States Investment Company Act of 1940 or (iii) any person that would not qualify as a Non-United States person within the meaning of United States Commodity Futures Trading Commission Rule 4.7(a)(1)(iv)) in accordance with the Trust Deed.

Upon notice that any Listed Class Units are so held, the Manager may require such Unitholders to redeem or transfer such Listed Class Units in accordance with the provisions of the Trust Deed. A person who becomes aware that he is holding or owning Listed Class 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 Listed Class 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 Listed Class Units**

The Trust Deed provides that a Unitholder may transfer Units with the consent of the Manager subject to the provisions of the Trust Deed. As all Listed Class Units will be held in CCASS, an investor is entitled to transfer Listed Class 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 Manager and 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. If and to the extent that all Listed Class Units are deposited, cleared and settled in CCASS, HKSCC Nominees

Limited will be the sole Unitholder, holding such Listed Class Units for the persons admitted by HKSCC as a participant of CCASS and to whose account any Listed Class Units are for the time being allocated in accordance with the General Rules of HKSCC and HKSCC Operational Procedures.

## **EXCHANGE LISTING AND TRADING (SECONDARY MARKET) OF THE LISTED CLASS UNITS**

### *General*

The purpose of the listing of the Listed Class Units on the SEHK is to enable investors to buy and sell Listed Class 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 Listed Class Units in the primary market.

The market price of a Listed Class Unit listed or traded on the SEHK may not reflect the Net Asset Value per Unit of the Listed Class. Any transactions in the Listed Class 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 Listed Class 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 Listed Class Units of each Sub-Fund. Where a Multi-Counter arrangement has been adopted in respect of a Sub-Fund the Manager will use its best endeavours to put in place arrangements so that there is at least one Market Maker for each available counter although these Market Makers 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 may make available to a Market Maker, the portfolio composition information made available to a Participating Dealer.

Listed Class 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 Listed Class Units, the Market Makers may make or lose money based on the differences between the prices at which they buy and sell Listed Class Units, which is to a certain extent dependent on the difference between the purchase and sale prices of the underlying Securities or Futures Contracts comprised within the Index or the portfolio of the relevant Sub-Fund. Market Makers may retain any profits made by them for their own benefit and they are not liable to account to the relevant Sub-Fund in respect of their profits.

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

The Listed Class Units of Taikang Hong Kong USD Money Market ETF and Taikang Hong Kong HKD Money Market ETF have been accepted as eligible securities by HKSCC for deposit, clearing and settlement in CCASS with effect from the date of commencement of dealings in the Listed Class Units of Taikang Hong Kong USD Money Market ETF and Taikang Hong Kong HKD Money Market ETF on the SEHK or such other date as may be determined by HKSCC.

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

Listed Class 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 Listed Class Units of any Sub-Fund on one or more other stock exchanges.

Participating Dealers should note that they will not be able to sell or otherwise deal in the Listed Class Units on the SEHK until dealings begin on the SEHK.

Please also refer to the sub-sections on "**General**" and "**Multi-Counter**" in the relevant Appendix of the Sub-Fund for additional disclosures on secondary market trading.



**PROVISIONS RELATING TO THE OFFER, SUBSCRIPTION, SWITCHING AND REDEMPTION OF THE  
UNLISTED CLASS UNITS**

*This section contains disclosure relating to the Unlisted Class Units only. Unless the context otherwise requires, references to “Units” and “Unitholders” in this section shall be construed to refer to the Unlisted Class Units of a Sub-Fund or a Unitholder of such Unlisted Class Units and references to a “Sub-Fund” in this section shall be construed to a Sub-Fund which offers Unlisted Class Units. For information relating to the offering phases of the Listed Class Units, please refer to the section headed “PROVISIONS RELATING TO THE OFFER, CREATION, REDEMPTION, LISTING AND TRADING OF THE LISTED CLASS UNITS” of this Prospectus.*

**Subscription of Unlisted Class Units**

*Initial Offer*

Unlisted Class Units in a Sub-Fund will be offered for the first time at an initial Subscription Price during the Initial Offer Period of such Unlisted Class as specified in the relevant Appendix in Part 2 of this Prospectus.

*Minimum Subscription Level*

The offering of the Unlisted Class Units in a Sub-Fund may be conditional upon a minimum subscription level (if applicable) being received on or prior to the close of the Initial Offer Period.

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

Notwithstanding the aforesaid, the Manager reserves the discretion to proceed with the issue of the Unlisted Class Units or Sub-Fund even if the minimum subscription level has not been achieved.

*Subscription Price after the Initial Offer Period*

After the close of the Initial Offer Period, the Subscription Price per Unit for the Unlisted Class on a Dealing Day will be calculated by reference to the Net Asset Value per Unit of that Unlisted Class as at the Valuation Point on the Dealing Day (for further details please refer to the section headed “**DETERMINATION OF NET ASSET VALUE**” of this Prospectus).

In calculating the Subscription Price of a Unit of an Unlisted Class, the Manager may, impose such amount (if any) as the Manager may estimate as appropriate to reflect an appropriate allowance for any Duties and Charges (including dilution levy) which would be incurred for the account of the relevant Sub-Fund in investing an amount equal to that Net Asset Value per Unit of such Unlisted Class, and any such amount will be retained by the relevant Sub-Fund and form part of the assets of the relevant Sub-Fund (“**Subscription Adjustment Allowance**”).

The Subscription Price shall be rounded down to the nearest 4 decimal places.

Any amount corresponding to such rounding will accrue to the relevant Unlisted Class. In calculating the Subscription Price, the Manager may impose such dilution levy or adjust the Subscription Price in such manner as disclosed in the sub-section headed “**Liquidity Risk Management**” under the section headed “**STATUTORY AND GENERAL INFORMATION**” of this Prospectus.

*Minimum Initial Subscription Amount and Minimum Subsequent Subscription Amount*

Details of any minimum initial subscription amount and minimum subsequent subscription amount applicable to the Unlisted Class Units in a Sub-Fund are set out in the relevant Appendix in Part 2 of this Prospectus.

The Manager has the discretion to waive, change or accept an amount lower than the minimum initial

subscription amount or minimum subsequent subscription amount from time to time, whether generally or in a particular case.

### *Application Procedures*

Unless otherwise specified in the relevant Appendix or Schedule 3 for a specific class, applications for subscription of Unlisted Class Units may be made to the Trustee (with a copy to the Manager) by completing an application form ("**Application Form**") or any other forms as the Trustee and Manager may agree for subscriptions. Submission of the Application Form (in original if required by the Manager or the Trustee) shall be made to the Trustee at the business address or facsimile number or with electronic mean identifier stated on the Application Form or may be given to an Authorised Distributor appointed by the Manager for further aggregation before transmission to the Trustee. Neither the Manager, the Trustee nor the Authorised Distributor (nor any of their respective officers, employees, agents or delegates) will be responsible to an applicant for any loss resulting from non-receipt or illegibility of any instruction, application or request sent by facsimile or any other electronic means, or any amendment to such instruction, application or request, or for any loss caused in respect of any action taken as a consequence of such faxed or any other electronic instructions believed in good faith to have originated from properly authorized persons. This is notwithstanding the fact that a facsimile or any other transmission report produced by the originator of such transmission discloses that such transmission was sent. Unless an application for subscription is otherwise rejected by the Manager, the Trustee shall process such applications for subscriptions in accordance with the Application Form. The Manager, the Trustee and/or the Authorised Distributor may request further supporting documents and/or information to be provided together with the Application Form. The Application Form is available from the Trustee and/or an Authorised Distributor.

Unless otherwise specified in the relevant Appendix or Schedule 3 for a specific class, applications for Unlisted Class Units during the relevant Initial Offer Period must be received by the Trustee no later than 4:00 p.m. (Hong Kong time) on the last day of the relevant Initial Offer Period (the "**IOP Deadline**"). In respect of Application Forms which are received by the IOP Deadline and subscription moneys in cleared funds which are received on or before the Cleared Funds Deadline, Unlisted Class Units will be issued immediately following the close of the Initial Offer Period or such other Business Day as the Manager may determine. If Application Forms are received after the IOP Deadline and/or application monies in cleared funds are received after the Cleared Funds Deadline, the relevant applications shall be carried forward to the next Dealing Day and shall be dealt with at the Subscription Price at such Dealing Day, unless otherwise determined by the Manager.

Following the close of the Initial Offer Period, an Application Form which are received by the Trustee by the Dealing Deadline and subscription moneys in cleared funds which are received by the Trustee by the Cleared Funds Deadline of a Dealing Day will be dealt with on that Dealing Day. If an application for Unlisted Class Units is received after the Dealing Deadline in respect of a Dealing Day or subscription moneys in cleared funds are not received by the Cleared Funds Deadline in respect of a Dealing Day, then the application will be held over until the next Dealing Day, unless otherwise determined by the Manager.

Save where there is a suspension of the determination of the Net Asset Value of the relevant Sub-Fund or relevant Unlisted Class and/or the subscription of Units of the relevant Sub-Fund or the relevant Unlisted Class, a request for subscription once given cannot be revoked after the IOP Deadline or the Dealing Deadline of the relevant Dealing Day without the consent of the Manager. For the avoidance of doubts, a request for subscription can be revoked before the IOP Deadline or the Dealing Deadline of the relevant Dealing Day without the consent of the Manager.

### *Authorised Distributors*

The Manager may appoint one or more Authorised distributor(s) to market, promote, sell and/or distribute Unlisted Class Units in one or more Sub-Fund(s), and to receive applications for subscription, redemption and/or switching of Unlisted Class Units.

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

relevant Sub-Fund, the Manager and the Trustee shall not be responsible for any arrangements between the relevant applicant and the Authorised Distributor regarding the subscription, holding and redemption of such Unlisted Class Units and any related matters, as well as any costs or losses that may arise therefrom. The Manager will however, exercise reasonable care in the selection and appointment of the authorised distributor(s), in accordance with the *Overarching Principles* of the *SFC Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Structured Investment Product*.

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

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

#### *Payment Procedures*

Payment for Unlisted Class Units subscribed for cash during the Initial Offer Period and the Subscription Fee (if any) is due in cleared funds by the Cleared Funds Deadline. Following the close of the Initial Offer Period, payment for Unlisted Class Units and the Subscription Charge (if any) is due in cleared funds by the Cleared Funds Deadline in respect of the relevant Dealing Day.

If payment in full in cleared funds has not been received by the Cleared Funds Deadline (or such other period as the Manager in consultation with the Trustee may determine and disclose to the applicants), the Manager has the absolute discretion to reject such application and no Units of the relevant Unlisted Class will be issued. Following the close of the Initial Offer Period, if payment in full in cleared funds has not been received by the Cleared Funds Deadline in respect of the relevant Dealing Day, then the subscription will be held over until the next Dealing Day if payment in full in cleared funds have been received in relation to the relevant Unlisted Class Units by such Dealing Day.

If payment in full in cleared funds have not been received by the Dealing Day immediately after the Dealing Day on which payment for the relevant Unlisted Class Units is due, the Manager has (without prejudice to any claim in respect of the failure of the applicant to make payment when due on such next Dealing Day) the absolute discretion to reject such application and no Unlisted Class Units in respect of such application will be issued.

Payments for Unlisted Class Units should be made in the class currency of the relevant Unlisted Class Units.

All payments should be made by direct transfer, telegraphic transfer (or other manner as may be agreed by the Manager). Any costs of transfer of subscription moneys to the Unlisted Class Units of a Sub-Fund will be payable by the applicant. Currency conversion will be subject to availability of the currency concerned.

Details of payments by telegraphic transfer are set out in the Application Form.

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

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

#### *General*

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

## Class Units.

If an application is rejected (either in whole or in part) or the Manager determines that the relevant Unlisted Class Units will not be launched, subscription moneys (or the balance thereof) will be returned as soon as practicable from the relevant Dealing Day or close of the relevant Initial Offer Period (as the case may be) without interest and after deducting any of out-of-pocket fees and charges incurred by the Manager, the Trustee and/or their respective delegates or agents by telegraphic transfer to the bank account from which the moneys originated at the risk and expense of the applicant or in such other manner as the Manager and the Trustee may from time to time determine. Save for any liability imposed under the laws of Hong Kong or for breach of trust through fraud or negligence of the Trustee or the Manager, none of the Manager, the Trustee or their respective delegates or agents will be liable to the applicant for any loss the applicant suffers as a result of the rejection or delay of any application.

All holdings of Unlisted Class 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 in respect of each 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 an Unlisted Class Unit (rounded down to the nearest 3 decimal places) may be issued. Any amount corresponding to such rounding will accrue to the relevant Unlisted Class. A maximum of 4 persons may be registered as joint Unitholders.

### *Restrictions on Issue*

No Unlisted Class Units in a Sub-Fund will be issued where the determination of the Net Asset Value of that Sub-Fund or that Unlisted Class Units and/or the allotment or issuance of that Unlisted Class Units is suspended (for further details please refer to the sub-section headed “**Suspension of Determination of Net Asset Value**” under the section headed “**DETERMINATION OF NET ASSET VALUE**” of this Prospectus) or when the Manager determines, with prior notification to the Trustee, that subscriptions for such Sub-Fund or Unlisted Class Units are closed.

## **Redemption of Unlisted Class Units**

### *Redemption of Unlisted Class Units*

Subject to the restrictions (if any) as specified in the relevant Appendix in Part 2 of this Prospectus, any Unitholder may redeem his/her Unlisted Class Units on any Dealing Day in whole or in part. Save where there is a suspension of the determination of the Net Asset Value of the relevant Sub-Fund or relevant Unlisted Class and/or the redemption of Units of the relevant Sub-Fund or the relevant Unlisted Class, a redemption request once given cannot be revoked after the Dealing Deadline of the relevant Dealing Day without the consent of the Manager.

### *Redemption Price*

Unlisted Class Units redeemed on a Dealing Day will be redeemed at the Redemption Price calculated by reference to the Net Asset Value per Unit of the relevant Unlisted Class as at the Valuation Point on the Dealing Day (For further details, please refer to the section headed “**DETERMINATION OF NET ASSET VALUE**” of this Prospectus). Such Redemption Price shall be calculated in the base currency of the relevant Sub-Fund and quoted by the Manager in such base currency and in such other currency or currencies at the Manager’s discretion (with prior notice to the Trustee), by converting such price to its equivalent in such other currency or currencies at the same rate as the Manager shall apply in calculating the Net Asset Value as at the Valuation Point.

From the time of the calculation of the Redemption Price to the time at which redemption moneys are converted out of any other currency into the base currency of the relevant Sub-Fund, if there is an officially announced devaluation or depreciation of that other currency, the amount which would otherwise be payable to the redeeming Unitholder shall be reduced as the Manager considers appropriate to take account of the effect of that devaluation or depreciation.

In calculating the Redemption Price, the Manager may, deduct such amount (if any) as the Manager may

estimate as appropriate to reflect an appropriate allowance for any Duties and Charges (including dilution levy) which would be incurred for the account of the relevant Sub-Fund in realising assets or closing out positions to provide funds to meet any redemption request, and any such amount deducted will be retained by the relevant Sub-Fund and form part of the assets of the relevant Sub-Fund ("**Redemption Adjustment Allowance**").

The Redemption Price shall be rounded down to the nearest 4 decimal places. Any amount corresponding to such rounding will accrue to the relevant Unlisted Class.

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

#### *Minimum Redemption Amount and Minimum Holding Amount*

Details of any minimum redemption amount and minimum holding amount applicable to an Unlisted Class in a Sub-Fund are set out in the relevant Appendix.

If a redemption request will result in a Unitholder holding Units of an Unlisted Class less than the minimum holding amount for that Unlisted Class, the Manager may deem such request to have been made in respect of all Units of the relevant Unlisted Class held by that Unitholder.

The Manager has the discretion to waive, change or accept an amount lower than the relevant minimum redemption amount or minimum holding amount from time to time, whether generally or in a particular case.

#### *Redemption Procedures*

Unless otherwise provided in Schedule 3 for a specific class, applications for redemption of Unlisted Class Units may be made to the Trustee or the Authorised Distributor by completing a redemption form or any other forms as the Trustee and Manager may agree for redemptions ("**Form of Redemption Request**") and submitting it to the Trustee (with a copy to the Manager) at the business address or facsimile number or with electronic mean identifier stated on the Form of Redemption Request or may be given to the Authorised Distributor for further aggregation before transmission to the Trustee. Neither the Manager, the Trustee nor the Authorised Distributor (nor any of their respective officers, employees, agents or delegates) will be responsible to an applicant for any loss resulting from non-receipt or illegibility of any instruction, application or request sent by facsimile or any other electronic means, or any amendment to such instruction, application or request, or for any loss caused in respect of any action taken as a consequence of such faxed or any other electronic instructions believed in good faith to have originated from properly authorized persons. This is notwithstanding the fact that a facsimile or any other transmission report produced by the originator of such transmission discloses that such transmission was sent. Unless an application for redemption is otherwise rejected by the Manager, the Trustee shall process such applications for redemption in accordance with the Form of Redemption Request. The Form of Redemption Request is available from the Trustee and/or the Authorised Distributor. The original Form of Redemption Request is not required to be submitted unless otherwise required by the Manager or the Trustee.

A Form of Redemption Request received by the Trustee by the Dealing Deadline of a Dealing Day will be dealt with on that Dealing Day. If an application for redemption of Unlisted Class Units is received after the Dealing Deadline in respect of a Dealing Day, then the application for redemption will be held over until the next Dealing Day, unless otherwise determined by the Manager.

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 Trustee) or, in the absence of such notification, by all joint Unitholders.

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

#### *Payment of Redemption Proceeds*

Unless otherwise provided in Schedule 3 for a specific class, Unitholders should note that redemption proceeds will normally be paid by telegraphic transfer in the class currency of the relevant Unlisted Class to the pre-designated bank account of the Unitholder (at the risk and expense of the Unitholder). No third party payments will be permitted. Any bank charges associated with the payment of such redemption proceeds will be borne by the redeeming Unitholder.

Unless otherwise specified in the relevant Appendix relating to a Sub-Fund and subject to the approval of the Manager, and to applicable limits on foreign exchange, redemption proceeds can be paid in a currency other than the relevant class currency. Redemption proceeds may be paid in a currency other than the relevant class currency if so requested by the relevant redeeming Unitholders and agreed by the Manager. In addition, the Manager may after consultation with the Trustee but, without the consent of the relevant redeeming Unitholders, pay redemption proceeds in a currency other than the relevant class currency if due to any foreign exchange control or restriction or regulatory requirement or policy, the relevant class currency is not available or not sufficient for payment of the redemption proceeds.

In calculating the Redemption Price, the Manager may impose such dilution levy or adjust the Redemption Price in such manner as disclosed in the sub-section headed "**Liquidity Risk Management**" under the section headed "**STATUTORY AND GENERAL INFORMATION**" of this Prospectus".

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

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

- (a) any period during which (i) the issue of Units of the relevant Unlisted Class, (ii) the redemption of Units of the relevant Unlisted Class, and/or (iii) the determination of Net Asset Value of the relevant Unlisted Class is suspended;
- (b) where in the opinion of the Manager, acceptance of the redemption request would have an adverse effect on the relevant Sub-Fund or on a market on which (i) for an Index Tracking Sub-Fund, an Index Security and/or Index Futures Contract (as the case may be) or (ii) for a Sub-Fund that is not an Index Tracking Sub-Fund, a substantial part of the investments of the Sub-Fund, has its primary listing;
- (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 (i) for an Index Tracking Sub-Fund, any of the Index Securities and/or Index Futures Contracts (as the case may be); or (ii) for a Sub-Fund that is not an Index Tracking Sub-Fund, a substantial part of the investments of the Sub-Fund;
- (d) where acceptance of the redemption request 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 request; or
- (f) any period during which the business operations of the Manager, the Trustee, the Registrar or any delegate of the Manager, the Trustee or the Registrar in relation to the redemption of Unlisted Class Units in the relevant 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 Trustee of its decision to reject such redemption request.

#### *Restrictions on Redemption*

No Unlisted Class Units in a Sub-Fund may be redeemed where the determination of the Net Asset Value of that Sub-Fund or Unlisted Class and/or the redemption of Units of that Sub-Fund or Unlisted Class is suspended (For further details please refer to the sub-section headed “**Suspension of Determination of Net Asset Value**” under the section headed “**DETERMINATION OF NET ASSET VALUE**” of this Prospectus).

In the event that redemption requests are received for the redemption of Units (both Listed Class Units and Unlisted Class Units) representing in aggregate more than 10% (or such higher percentage as the Manager may determine in respect of the Sub-Fund as accepted by the SFC) of the total Net Asset Value or the total number of Units in a Sub-Fund then in issue, as determined by the Manager, the Manager may, in consultation with the Trustee, direct the Trustee to reduce the requests rateably and pro rata amongst all Unitholders 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 a Sub-Fund as accepted by the SFC) of the total Net Asset Value or the total number of Units in the relevant Sub-Fund then in issue, as determined by the Manager. 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 relevant Sub-Fund themselves exceed 10% (or such higher percentage as the Manager may determine in respect of that Sub-Fund as accepted by the SFC) of the total Net Asset Value or the total number of Units in the relevant Sub-Fund then in issue, as determined by the Manager) in priority to any other Units in the relevant Sub-Fund for which redemption requests have been received. Unlisted Class Units will be redeemed at the Redemption Price prevailing on the Dealing Day on which they are redeemed.

#### *Restrictions on Unitholders of Unlisted Class Units*

The Manager has power to impose such restrictions as it may think necessary in accordance with the Trust Deed including for the purpose of ensuring that no Unlisted Class 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 any Sub-Fund suffering any adverse effect which the Trust or the relevant Sub-Fund might not otherwise have suffered;
- (b) in the circumstances which, in the Manager's opinion, may result in the Trust or any 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 any Sub-Fund, the Trustee or the Manager being subject to any additional regulatory compliance which the Trust or the relevant Sub-Fund, the Trustee or the Manager might not otherwise have incurred, suffered or been subject to; or
- (c) a breach of, or deemed breach by the Manager 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.

The foregoing would include acquisition or holding of Unlisted Class Units by any “person or entity classified by the Manager as a “U.S. Person” due to such person or entity being subject to certain investment restrictions and/or restrictions relating to the direct or indirect holding of Unlisted Class Units as may be mandated under applicable U.S. laws and regulations (including any U.S. governmental orders or sanctions) which holding would result in any of the repercussions set out above or as provided in the Trust Deed.

The Manager may also restrict or prevent the ownership of Unlisted Class Units by any Unauthorised US Person being (i) a U.S. person within the meaning of Rule 902 of the United States Securities Act of 1933, (ii) a US resident within the meaning of the United States Investment Company Act of 1940 or (iii) any person that would not qualify as a Non-United States person within the meaning of United States Commodity Futures Trading Commission Rule 4.7(a)(1)(iv)) in accordance with the Trust Deed.

Upon notice that any Unlisted Class Units are so held, the Manager may require such Unitholders to redeem or transfer such Unlisted Class Units in accordance with the provisions of the Trust Deed. A person who becomes aware that he is holding or owning Unlisted Class Units in breach of any of the above restrictions is required either to redeem his Unlisted Class Units in accordance with the Trust Deed or to transfer his Unlisted Class 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 Unlisted Class Units**

The Trust Deed provides that a Unitholder may transfer Unlisted Class Units with the consent of the Manager subject to the provisions of the Trust Deed. An investor is entitled to transfer such Units held by him by an instrument in writing in such form as the Manager and the Trustee may from time to time approve. A transferor will be deemed to remain the Unitholder of the Unlisted Class Units transferred until the name of the transferee is entered in the register of Unitholders in respect of the Unlisted Class Units being transferred. Each instrument of transfer must relate to one Unlisted Class only.

### **Switching of Unlisted Class Units**

Unless otherwise specified in the relevant Appendix and except for Class T Units, Unitholders shall be entitled (subject to such limitations as the Manager may impose after consulting with the Trustee) to switch all or part of their Units in an Unlisted Class in a Sub-Fund (the “**Existing Class**”) into Units of any other Unlisted Class in the same Sub-Fund or into Units of an Unlisted Class of another Sub-Fund (the “**New Class**”) available for subscription or switching provided that no Unlisted Class Units may be switched if to do so would result in a holding of less than the minimum holding of Units of the Existing Class or the New Class.

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

In addition, specific limitations or restrictions may apply when a Unitholder intends to convert his Units in an Unlisted Class into Units of another Unlisted Class in same Sub-Fund or another Sub-Fund. The relevant limitations or restrictions (if any) will be set out in the Appendix for the relevant Sub-Fund. Unitholders should note that different Sub-Funds may have different dealing frequency based on the Dealing Day applicable to each Sub-Fund. Subject to the disclosure in the Appendix of the relevant Sub-Fund, the Sub-Fund may have a monthly Dealing Day or a daily Dealing Day.

#### *Switching Procedures*

Applications for switching of Unlisted Class Units may be made to the Trustee by completing the switching form (the “**Switching Form**”) and submitting it to the Trustee (with a copy to the Manager) at the business address or facsimile number on the Switching Form or may be given to the Authorised Distributor for further aggregation before transmission to the Trustee. Neither the Manager, the Trustee nor the Authorised Distributor (nor any of their respective officers, employees, agents or delegates) will be responsible to an applicant for any loss resulting from non-receipt or illegibility of any instruction, application or request sent by facsimile or any other electronic means, or any amendment to such instruction, application or request, or for any loss caused in respect of any action taken as a consequence of such faxed or any other electronic instructions believed in good faith to have originated from properly authorized persons. This is notwithstanding the fact that a facsimile or any other transmission report produced by the originator of such transmission discloses that such transmission was sent. The Switching Form is available from the Trustee and/or the Authorised Distributor. The original Switching Form is not required to be submitted unless otherwise required by the Manager or the Trustee.

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

Depending on the Valuation Point of the relevant Sub-Fund or Unlisted Class and the time required to remit the switched funds, the day on which investments are switched into the New Class may be later than the day



on which investments in the Existing Class are switched out or the day on which the instruction to switch is given.

#### *Restrictions on Switching of Unlisted Class Units*

Unlisted Class Units shall not be switched during any period when the determination of the Net Asset Value of any relevant Sub-Fund is suspended for further details please refer to the sub-section headed “**Suspension of Determination of Net Asset Value**” under the section headed “**DETERMINATION OF NET ASSET VALUE**” of this Prospectus) or when the Manager determines, with prior notification to the Trustee, that subscriptions for Units of the New Class are closed.

#### *Switching between Unlisted Class and Listed Class Units*

Investors should note that switching between Unlisted Class Units and Listed Class Units on the secondary market is not available.

### **Suspension of the Subscription, Switching and Redemption of Unlisted Class Units**

The Manager may at its discretion (after consultation with the Trustee), suspend the subscription, switching and/or redemption of Units of any Unlisted Class of any 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 to persons who have redeemed Unlisted Class Units of any Sub-Fund 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 (i) for an Index Tracking Sub-Fund, an Index Security and/or Index Futures Contract (as the case may be) or (ii) for a Sub-Fund that is not an Index Tracking Sub-Fund, a substantial part of the investments of the Sub-Fund, has its primary listing, or the official clearing and settlement depository (if any) of such market, is closed;
- (c) during any period when dealing on a market on which (i) for an Index Tracking Sub-Fund, an Index Security and/or Index Futures Contract (as the case may be) or (ii) for a Sub-Fund that is not an Index Tracking Sub-Fund, a substantial part of the investments of the Sub-Fund, has its primary listing is restricted or suspended;
- (d) during any period when, in the opinion of the Manager, settlement or clearing of Securities and/or Futures Contracts (as the case may be) 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 the case may be, as appropriate or disposal of investments for the time being comprised in the relevant Sub-Fund cannot, in the opinion of the Manager, be effected normally or without prejudicing the interests of Unitholders of the relevant Sub-Fund;
- (f) in respect of an Index Tracking Sub-Fund only, during any period when the Index for the relevant Sub-Fund is not compiled or published;
- (g) during any breakdown in any of the means normally employed in determining the Net Asset Value of the relevant Sub-Fund or the Net Asset Value per Unit of the relevant Unlisted 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 relevant 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 relevant Sub-Fund is suspended or if any circumstance specified in the sub-section headed “**Suspension of Determination of Net Asset Value**” under the section headed “**DETERMINATION OF NET ASSET VALUE**” of this Prospectus arises;

- (i) during any period when the Swap (if applicable) cannot be adjusted or reset for any reason;
- (j) during any period when the business operations of the Manager, the Trustee, the Registrar or any delegate of the Manager, the Trustee or the Registrar in respect of the switching application of Unlisted Class Units in the relevant Sub-Fund (or Unlisted Class) 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
- (k) during any period when the creation or issue or redemption of any Listed Class Units of the relevant Sub-Fund is suspended.

The Manager will, after consultation with the Trustee, suspend the right to subscribe/redeem/switch for Unlisted Class Units of the relevant Sub-Fund if, or if as a result of the investment of the proceeds of issue of such Unlisted Class 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 entity or such other percentage permitted in the section “**INVESTMENT OBJECTIVE, STRATEGY AND RESTRICTIONS, SECURITIES LENDING AND BORROWING**”. In addition, where all the Sub-Funds under the Trust hold in aggregate more than the limit of 10% of the ordinary shares issued by any single entity, 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 and unitholders of other Sub-Funds concerned.

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 the Trust’s website at <https://hk.taikangasset.cn/> (this website has not been reviewed by the SFC) 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.

#### **Pricing Adjustment Mechanism (Swing Pricing and Dilution Levy)**

In order to reduce the effect of “dilution” of the Trust, the Manager may (if, in its opinion and in good faith, it is in the best interest of Unitholders to do so), through swing pricing mechanism, adjust the Net Asset Value of an Unlisted Class Unit to counter the impact of dealing and other costs on occasions when these are deemed to be significant. Dilution occurs when the actual cost of purchasing or selling the underlying assets of the Trust deviates from the carrying value of these assets in the Trust’s valuation due to dealing and other costs, taxes and duties, market movements and any spread between the buying and selling prices of the underlying assets. Dilution may have an adverse effect on the value of the Trust and therefore impact the Unitholders. By adjusting the Net Asset Value per Unlisted Class Unit, this effect can be reduced or mitigated and Unitholders can be protected from the impact of dilution.

If on any Dealing Day the aggregate net transactions in Unlisted Class Units of a Sub-Fund exceed a certain pre-determined threshold(s) set by the Manager from time to time for each Sub-Fund, the Net Asset Value per Unlisted Class Unit may be adjusted by the Manager upwards or downwards as applicable to reflect the costs that may be deemed to be incurred in selling or purchasing the underlying assets to satisfy net daily transactions at the Sub-Fund’s level. The pre-determined threshold for each Sub-Fund may differ and is determined by the Manager taking into account factors such as the prevailing market conditions, the estimated dilution costs and the size of the relevant Sub-Funds, the application of which will be triggered mechanically and on a consistent basis. In determining the Subscription Price and Redemption Price of an Unlisted Class Unit on each relevant Dealing Day, the Net Asset Value per Unlisted Class Unit shall be increased by the aforesaid adjustment where the net subscriptions on the relevant Dealing Day exceeds certain pre-determined threshold(s) (“buy swing”), or decreased by the aforesaid adjustment where the net redemptions on the relevant Dealing Day exceeds certain pre-determined threshold(s) (“sell swing”).

Under normal market conditions, the Manager expects that the pricing adjustment will not exceed 2% of the

Net Asset Value per Unlisted Class Unit of the relevant Dealing Day. Under extreme market conditions (such as market crash or global financial crisis), the Manager may increase such amount to protect interests of Unitholders. Any such price adjustments will be in response to significant cash flows rather than normal volumes, and therefore it is not possible to accurately predict whether a price adjustment will occur at any future point in time. Consequently, it is also not possible to accurately predict how frequently such price adjustments will need to be made.

Such pre-determined threshold(s) will be determined and reviewed on a periodic basis by the Manager.

Alternatively, the Manager may charge a dilution levy when Units are bought or sold in large transaction(s) in and out of a Sub-Fund and may dilute a Sub-Fund's assets due to dealing and other costs associated with trading of underlying securities. Any dilution levy imposed shall be fair to all Unitholders.

In deciding whether to impose a dilution levy, the Manager may consider a number of factors including but not limited to the size of the subscription or redemption relative to the overall value of the relevant Sub-Fund, the level of transaction costs within the markets in which the relevant Sub-Fund invests, the liquidity of the underlying investments within the relevant Sub-Fund, the amount of investments to be bought/sold and the likely time that this will take, the likelihood of an adverse impact on the value of investments as a result of the accelerated rate of disposal, and the length of time for which the Units in question were held.

Based on future projections, the dilution levy (if imposed) will be up to 2% of the Subscription Price or the Redemption Price, unless, as a result of exceptional circumstances, the Manager deems an increase to this threshold is necessary in order to protect the Unitholders' interests. Any dilution levy would become part of the assets of the relevant Sub-Fund.

The Manager will consult the Trustee prior to any aforesaid adjustment to the Subscription Price and Redemption Price and such adjustment will only be made where the Trustee has no objections to it. Any such additional amount will be retained by the relevant Sub-Fund and will form part of the assets of the relevant Sub-Fund.

## DETERMINATION OF NET ASSET VALUE

### Calculation of Net Asset Value

The Net Asset Value of each Sub-Fund will be determined by the Trustee in the base currency of the relevant Sub-Fund as at each Valuation Point on the Valuation Day applicable to the relevant Sub-Fund by valuing the assets of the relevant Sub-Fund and deducting the liabilities of the relevant Sub-Fund, in accordance with the terms of the Trust Deed.

Set out below is a summary of how various property held by the relevant 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 of valuation is more appropriate, be valued by reference to 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 if the prices on that Market is not available for more than such period of time as may be determined by the Manager; (iii) for an Index Tracking Sub-Fund only, in the case of a Security that is a debt instrument which may or may not be a constituent of the relevant Index, the value of such Security shall be determined in accordance with the relevant Index's valuation policy (this being the fair value), and the Manager in consultation with the Trustee shall have the final determination right to the valuation of such quoted Security and shall be entitled to use prices furnished by the Index Provider; (iv) interest accrued on any interest-bearing Securities up to (and including) the date as at which the valuation is made shall be taken into account, unless such interest is included in the quoted or listed price; and (v) the Manager or the Trustee (as the case may be) shall be entitled to use and rely on electronic transmitted information from such source or sources as they may from time to time determine, notwithstanding that the prices so used are not the official closing prices or the last traded prices (as the case may be);
- (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 latest available bid or offer price for such unit, share or other interest;
- (c) Futures Contract will be valued based on the formula set out in the Trust Deed;
- (d) the value of any Swap shall be determined to be the mark-to-market value of such Swap including the amount expended out of the relevant Sub-Fund in entering into the Swap, but excluding any fees, commissions and other expenses in connection with the entry or negotiation of the Swap, and any initial margin or deposits provided in connection therewith determined and provided by the relevant calculation agent under such Swap to the Manager and/or the Trustee, unless otherwise provided under the terms of the Swap subject to the right of the Manager, the Trustee or its delegates (or such independent calculation agent or valuer appointed by the Manager, or, if the Trustee so requires, by the Manager after consultation with the Trustee) to recalculate the same and of the Manager, in consultation with the Trustee, to adjust such value where it considers that such adjustment is required to reflect the fair value thereof.
- (e) except as provided for in paragraph (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 relevant Sub-Fund in the acquisition of such investment (including, in each case the amount of stamp duties, commissions and other expenses incurred thereof and the vesting thereof in the Trustee in accordance with the Trust Deed) provided that the Manager may at any time in consultation with the Trustee and shall at such times or at such intervals as the Trustee shall request, cause a revaluation to be made by a professional person approved by the Trustee as qualified to value such investments;
- (f) 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

- (g) notwithstanding the foregoing, the Manager may in consultation with the Trustee adjust the value of any investment if, having regard to currency, applicable rate of interest, maturity, marketability or any other circumstances it considers relevant, the Manager determines that such adjustment is more appropriate to fairly reflect the value of the investment.

Currency conversion will be performed at such rates as determined by the Manager (after consultation with the Trustee where the Manager in its good faith considers appropriate to consult the Trustee) as appropriate in the circumstances having regard to any premium or discount which may be relevant and to costs of exchange 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 relevant Sub-Fund are valued.

### **Suspension of Determination of Net Asset Value**

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

- (a) there is a closure of or the restriction or suspension of trading on any Securities market on which a substantial part of the investments of that Sub-Fund is normally traded or a breakdown in any of the means normally employed by the Manager or the Trustee (as the case may be) in ascertaining the prices of investments or the Net Asset Value of a Sub-Fund or the Net Asset Value per Unit of the relevant Class;
- (b) there exists any state of affairs prohibiting the normal disposal and/or purchase of the investments of the relevant Sub-Fund;
- (c) circumstances exist as a result of which (i) delivery of Index Securities or Securities (as the case may be) comprised in an Application Basket, (ii) (in the case of Unlisted Class Units) the purchase of Index Securities and/or Securities (as the case may be), or (iii) disposal of Securities and/or Futures Contracts held or contracted for the account of that Sub-Fund cannot, in the opinion of the Manager, be effected normally or without seriously prejudicing the interest of Holders of that Sub-Fund;
- (d) for any other reason the prices of investments of the relevant Sub-Fund cannot, in the opinion of the Manager, reasonably, promptly and fairly be ascertained;
- (e) there is a breakdown in any of the means normally employed in determining the Net Asset Value of the relevant 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 relevant Sub-Fund cannot, in the opinion of the Manager, reasonably, promptly and fairly be ascertained;
- (f) 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 or other property of the relevant Sub-Fund or the subscription or redemption of Units of the relevant Class is delayed or cannot, in the opinion of the Manager, be carried out promptly or at normal rates of exchange;
- (g) when, in the opinion of the Manager, such suspension is required by law or applicable legal process;
- (h) in respect of an Index Tracking Sub-Fund only, the relevant underlying Index is not compiled or published;
- (i) any period when the dealing of Units is suspended pursuant to any order or direction issued by the SFC;

- (j) any period when the business operations of the Manager, the Trustee or any delegate of the Trustee or the Manager in relation to the determination of the Net Asset Value of the relevant 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
- (k) the existence of any state of affairs prohibiting the normal disposal of any notional investment to which a Swap is linked.

A suspension of the determination of the Net Asset Value of the relevant Sub-Fund shall take effect forthwith upon the Manager making a declaration and thereafter:

- (a) there shall be no determination of the Net Asset Value or Net Asset Value per Unit of the relevant Sub-Fund or the Issue Price (in respect of a Listed Class) or Subscription Price (in respect of an Unlisted Class) or the Redemption Price of Units in the relevant Class;
- (b) (in respect of a Listed Class) no Application shall be made by any of the Participating Dealers and in the event any Application is received in respect of any Dealing Day falling within such period of suspension (that has not been otherwise withdrawn), such Application shall be deemed as having been received immediately following the termination of the suspension on the next Dealing Day;
- (c) (in respect of an Unlisted Class) no request for subscription, switching or redemption of Unlisted Class Units shall be made and in the event any such request is received in respect of any Dealing Day falling within such period of suspension (that has not been otherwise withdrawn), such request shall be deemed as having been received immediately following the termination of the suspension on the next Dealing Day;
- (d) the Manager shall be under no obligation to rebalance the Deposited Property of the relevant Sub-Fund until the suspension shall have 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 has ceased to exist; and (2) no other condition under which suspension is authorised exists; and
- (e) no Units shall be created, issued, switched or redeemed for the account of the relevant Sub-Fund until the suspension shall have terminated.

The Manager shall notify the SFC and publish a notice of suspension following the suspension, and at least once a month during the period of such suspension, on the Trust's website at <https://hk.taikangasset.cn/> (this website has not been reviewed by the SFC) or in such other publications as the Manager decides.

No Units of a Sub-Fund will be created, issued, switched or redeemed during any period of suspension of the determination of the Net Asset Value of the relevant Sub-Fund.

In respect of Listed Class Units, a Participating Dealer may at any time after a suspension has been declared and before termination of such suspension withdraw an Application submitted prior to such suspension by notice in writing to the Manager and the Manager shall promptly notify the Trustee accordingly. If the Manager has not received any such notification of withdrawal of such Application before termination of such suspension, the Trustee shall, subject to and in accordance with the provisions of the Trust Deed, create and issue Listed Class Units or redeem Listed Class Units in respect of such Application and such Application shall be deemed to be received immediately following the termination of such suspension.

In respect of Unlisted Class Units, an applicant may at any time after a suspension has been declared and before termination of such suspension withdraw any subscription, switching, redemption or transfer application submitted prior to such suspension by notice in writing to the Trustee. If the Trustee has not received any such notification of withdrawal of such subscription, switching, redemption or transfer application before termination of the suspension, the Trustee shall, subject to and in accordance with the provisions of the Trust Deed, issue, switch, redeem or transfer such Unlisted Class Units in respect of such application and such application shall be deemed to be received immediately following the termination of such suspension.

### **Issue Price and Redemption Price**

The Issue Price of a Listed Class Unit which is the subject of a Creation Application and the initial Subscription Price of an Unlisted Class Unit during the Initial Offer Period of a Sub-Fund will be a fixed amount per Unit as from time to time determined by the Manager, or (for Listed Class Units of Index Tracking Sub-Funds only) a percentage of the closing level of the relevant Index (expressed in the base currency of the relevant Sub-Fund) as at the last day of the Initial Offer Period, rounded down to the nearest 4 decimal places, or such other rounding as determined by the Manager from time to time in consultation with the Trustee. The Issue Price of a Listed Class Unit and the initial Subscription Price of an Unlisted Class Unit during the Initial Offer Period of each Sub-Fund will be set out in the relevant Appendix.

After the expiry of the Initial Offer Period, the Issue Price of a Listed Class Unit created and issued by a Creation Application and the Subscription Price of an Unlisted Class Unit will be, subject to any applicable charges disclosed in the section headed **“PROVISIONS RELATING TO THE OFFER, CREATION, REDEMPTION, LISTING AND TRADING OF THE LISTED CLASS UNITS”** of this Prospectus and/or adjustments set out in the section headed **“PROVISIONS RELATING TO THE OFFER, SUBSCRIPTION, SWITCHING AND REDEMPTION OF THE UNLISTED CLASS UNITS”** of this Prospectus, the prevailing Net Asset Value of the relevant Sub-Fund attributable to the relevant Listed Class or Unlisted Class (as the case may be) as at the relevant Valuation Point divided by the total number of Units of the Listed Class or the Unlisted Class (as the case may be) in issue rounded down to the nearest to 4 decimal places.

The Redemption Price of a Listed Class Unit and an Unlisted Class Unit on a Dealing Day shall be, subject to any applicable charges disclosed in the section headed **“PROVISIONS RELATING TO THE OFFER, CREATION, REDEMPTION, LISTING AND TRADING OF THE LISTED CLASS UNITS”** of this Prospectus and/or adjustments set out in the section headed **“PROVISIONS RELATING TO THE OFFER, SUBSCRIPTION, SWITCHING AND REDEMPTION OF THE UNLISTED CLASS UNITS”** of this Prospectus, the prevailing Net Asset Value of the relevant Sub-Fund attributable to the relevant Listed Class or Unlisted Class (as the case may be) as at the relevant Valuation Point divided by the total number of Units of the Listed Class or the Unlisted Class (as the case may be) in issue rounded down to the nearest 4 decimal places.

The benefit of any rounding adjustments will be retained by the relevant Sub-Fund.

The latest Net Asset Value of the Units will be available on the Trust’s website at <https://hk.taikangasset.cn/> (this website has not been reviewed by the SFC) or published in such other publications as the Manager decides.

In respect of Listed Class Units in a Sub-Fund, neither the Issue Price nor the Redemption Price takes into account Duties and Charges, Transaction Fees or fees payable by a Participating Dealer.

## **RISK FACTORS**

*An investment in any Sub-Fund carries various risks. Each of these may affect the Net Asset Value, yield, total return and trading price of the Units. A Sub-Fund's investment portfolio may fall in value due to any of the risk factors and therefore your investment in the Sub-Fund may suffer losses. There is no guarantee of the repayment of principal. Investors should carefully evaluate the merits and risks of an investment in the relevant Sub-Fund in the context of your 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 each Sub-Fund. You should refer to additional risk factors, specific to each Sub-Fund, as set out in the relevant Appendix.*

### **General Investment Risks**

#### *Investment Objective Risk*

There is no assurance that the investment objective of a Sub-Fund will be achieved. Whilst it is the intention of the Manager to implement strategies which are designed to achieve the investment objective of a Sub-Fund and, for an Index Tracking Sub-Fund, minimise tracking error, there can be no assurance that these strategies will be successful. In addition, trading errors are an intrinsic factor in any investment process, and will occur, notwithstanding the execution of due care and special procedures designed to prevent such errors. It is possible that you as an investor may lose a substantial proportion or all of its investment in a Sub-Fund, including (for an Index Tracking Sub-Fund) where the relevant Index value declines. As a result, each investor should carefully consider whether you can afford to bear the risks of investing in the relevant Sub-Fund.

#### *Market Risk*

The Net Asset Value of each Sub-Fund will change with changes in the market value of the Securities, Swaps 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 each Sub-Fund are based on the capital appreciation and income on the Securities, Swaps and/or Futures Contracts it holds, less expenses incurred. A Sub-Fund's return may fluctuate in response to changes in such capital appreciation or income. Furthermore, each Index Tracking Sub-Fund may experience volatility and decline in a manner that broadly corresponds with the relevant Index. Investors in each Sub-Fund are exposed to the same risks that investors who invest directly in the underlying Securities, Swaps and/or Futures Contracts would face. These risks include, for example, interest rate risks (risks of fall in portfolio values in a rising interest rate market); income risks (risks of falling incomes from a portfolio in a falling interest rate market); and credit risk (risk of a default by the underlying issuer of a Security in the portfolio of a Sub-Fund or, for an Index Tracking Sub-Fund, a Security that forms part of the Index).

#### *Asset Class Risk*

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

#### *Possible Business Failure Risk*

Global markets may experience very high levels of volatility and an increased risk of corporate failures. The insolvency or other corporate failures of any one or more of the companies in which a Sub-Fund invests or (for an Index Tracking Sub-Fund only) of one or more of the constituents of the relevant Index may have an adverse effect on the Index's (if any) and therefore the relevant Sub-Fund's performance. You may lose money by investing in any Sub-Fund.

#### *Management Risk*

Each Sub-Fund is subject to management risk. This is the risk that the Manager's strategy and the implementation of which is subject to a number of constraints, may not produce the intended results. In addition,



the Manager has absolute discretion to exercise Unitholders' rights with respect to Securities, Swaps and/or Futures Contracts comprising a Sub-Fund. There can be no guarantee that the exercise of such discretion will result in the investment objective of a Sub-Fund being achieved. For an Index Tracking Sub-Fund, because there can be no guarantee that such Index Tracking Sub-Fund will fully replicate the relevant Index, it is also subject to the aforesaid management risk.

#### *Concentration Risk*

A Sub-Fund may be subject to concentration risk as a result of adopting a strategy which concentrates its investment in a single geographical region or country or industry sector and/or (for an Index Tracking Sub-Fund) tracking the performance of a single geographical region or country or industry sector. For an Index Tracking Sub-Fund, the Index may be comprised of a limited number of securities. The value of such Sub-Fund is likely to be more volatile than a fund having a more diverse portfolio of investments, such as a global equity fund, as it is more susceptible to fluctuations in value of the Securities or (for an Index Tracking Sub-Fund) the Index resulting from adverse conditions in the particular geographical region, country or industry sector (including economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event). Where a Sub-Fund's strategy is concentrated in a particular region or country or industry sector, or where the Index of an Index Tracking Sub-Fund tracks a particular region or country or industry sector or where the Index has a small number of constituents, risk factors specific to the relevant Sub-Fund are set out in its Appendix. Please refer to each Sub-Fund's Appendix for details.

#### *Securities and/or Futures Contracts Risk*

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

#### *Credit/counterparty Risk*

Counterparty risk involves the risk that a counterparty or third party will not fulfil its obligations to a Sub-Fund and settle a transaction in accordance with market practice. A Sub-Fund may be exposed to the risk of a counterparty through investments.

A Sub-Fund may be exposed to the credit risk of the custodian or other depositaries used by the custodian with which the Deposited Property is deposited. The custodian or other depositaries may be unable to perform their obligations due to credit-related and other events like insolvency of or default of them. In the event of the insolvency of the custodian or other depositaries, a Sub-Fund will be treated as a general creditor of the custodian or other depositaries in relation to cash holdings of the relevant Sub-Fund. In these circumstances the relevant Sub-Fund may be required to unwind certain transactions and may encounter delays of some years and difficulties with respect to court procedures in seeking recovery of the relevant Sub-Fund's assets. The Sub-Fund's assets are however maintained by the custodian and other depositaries in segregated accounts and should be protected in the event of insolvency of the custodian or such other depositaries.

#### *Equity Market Risk*

Investment in equity Securities by a Sub-Fund is subject to general market risks, whose value may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors.

#### *Risk Associated with Emerging Markets*

Some overseas markets in which a Sub-Fund may invest are considered emerging market countries. The economies of many emerging markets are still in the early stages of modern development and subject to abrupt and unexpected change. In many cases, governments retain a high degree of direct control over the economy and may take actions that have a sudden and widespread effect. Also, many less developed market and emerging market economies have a high degree of dependence on a small group of markets or even a single market that can render such economies more susceptible to the adverse impact of internal and external shocks.

Emerging market regions are also subject to increased risks and special considerations not typically associated with investment in more developed markets including, but not limited to: generally less liquid and less efficient securities markets; generally greater price volatility; currency risks/control; exchange rate fluctuations and exchange control; higher volatility of the value of debt (particularly as impacted by interest rates); imposition of restrictions on the expatriation of funds or other assets; less publicly available information about issuers; legal and taxation risks (such as difficulties in enforcing contracts and imposition of taxes); higher transaction and custody costs; settlement delays and risk of loss; less liquidity and smaller market capitalisations; less well-regulated markets resulting in more volatile stock prices; different accounting and disclosure standards; governmental interference; higher inflation; social, economic and political uncertainties; custodial and/or settlement systems may not be fully developed which may expose a Sub-Fund to sub-custodial risk in circumstances whereby the Trustee will have no liability as provided under the provisions of the Trust Deed; the risk of expropriation of assets and the risk of war.

#### *Trading Error Risk*

Trading errors are an intrinsic factor in any investment process, and may occur, notwithstanding the execution of due care and special procedures designed to prevent such errors.

#### *Indemnity Risk*

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

#### *Reliance on the Manager Risk*

Unitholders must rely on the Manager in implementing the investment strategies and the performance of the Sub-Funds is largely dependent on the services and skills of their 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 Trust may not find successor managers or investment delegates with the requisite skills and qualifications quickly or at all and the new appointment may not be on equivalent terms or of similar quality. Although the Manager has experience of managing SFC authorised funds, the Manager has limited experience of managing exchange traded funds.

#### *Dividends May Not be Paid Risk*

Whether a Sub-Fund will pay distributions on its Units is subject to the Manager's distribution policy (as described in the relevant Appendix) and also mainly depends on dividends declared and paid in respect of the Securities comprising the Index or in the Sub-Fund's portfolio. In addition, dividends received by a Sub-Fund may be applied towards meeting the costs and expenses of that Sub-Fund. Dividend 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 policies of the relevant underlying entities. There can be no assurance that such entities will declare or pay dividends or distributions.

#### *Early Termination Risk*

A Sub-Fund may be terminated early under certain circumstances as set out in the Trust Deed and summarised under the sub-section headed "**Termination**" of the section headed "**STATUTORY AND GENERAL INFORMATION**" below. Upon a Sub-Fund being terminated, the Trustee will distribute the net cash proceeds (if any) derived from the realisation of the investments comprised in the relevant Sub-Fund to the Unitholders in accordance with the Trust Deed. Investors may suffer a loss where a Sub-Fund is terminated because any such amount distributed may be more or less than the capital invested by the Unitholder.

#### *Effect of Redemptions Risk*

If significant redemptions of Units are requested by the Participating Dealers in respect of Listed Class Units or Unitholders of Unlisted Class Units, it may not be possible to liquidate the relevant 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 in respect of Listed Class Units or Unitholders of Unlisted Class Units, the right to require redemptions in excess of 10% of the total Net Asset Value or the total number of Units in a Sub-Fund then in issue (or such higher percentage as the Manager may determine as accepted by the SFC) 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 a Sub-Fund for the whole or any part of any period. Please see the section headed "**DETERMINATION OF NET ASSET VALUE**" of this Prospectus for further details.

#### *Currency Risk*

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

#### *Foreign Security Risk*

Investing in the Securities of non-Hong Kong companies involves special risks and considerations not typically associated with investing in Hong Kong companies. These include differences in accounting, disclosure, auditing and financial reporting standards, the possibility of expropriation or confiscatory taxation, adverse changes in investment or exchange control regulations, the imposition of restrictions on the expatriation of funds or other assets of a Sub-Fund, political instability which could affect local investments in foreign countries, and potential restrictions on the flow of international capital. Non-Hong Kong companies may be subject to less governmental regulation than Hong Kong companies. Moreover, individual foreign economies may differ favourably or unfavourably from the Hong Kong economy in such respects as growth of gross domestic product, rate of inflation, capital reinvestment, resource self-sufficiency and balance of payment positions.

#### *Borrowing Risks*

The Trustee, at the request of the Manager, may borrow for the account of a Sub-Fund (up to 10% of the Net Asset Value of each Sub-Fund unless otherwise specified in the Appendix) 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 a 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 a Sub-Fund will be able to borrow on favourable terms, or that the relevant Sub-Fund's indebtedness will be accessible or be able to be refinanced by the relevant Sub-Fund at any time.

#### *Collateral and FDI Risks*

The risks associated with the use of FDIs are different from, or possibly greater than, the risks associated with investing directly in Securities and other traditional investments. Generally, an FDI is a financial contract the value of which depends upon, or is derived from, the value of an underlying asset, reference rate or index, and may relate to stocks, bonds, interest rates, currencies or currency exchange rates, commodities, and related indices. Any Sub-Fund investing in FDIs may utilise both exchange-traded and over-the-counter derivatives. Compared to equity Securities, FDIs can be more sensitive to changes in market prices of the underlying assets and thus market prices of FDIs may fall in value as rapidly as they may rise. Investors investing in any such Sub-Fund are exposed to a higher degree of fluctuation in value than a Sub-Fund which does not invest in FDIs. Transactions in over-the-counter FDIs may involve additional risk such as the risk that a counterparty defaults as there is no regulated market for such FDIs. Investing in FDIs also involves other types of risks including, but not limited to, the risk of adopting different valuation methodologies and imperfect correlation between the FDI and its underlying securities, rates and indices. Risks associated with

FDIs also include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of a FDI can result in a loss significantly greater than the amount invested in the FDI by a Sub-Fund. Exposure to FDIs may lead to a high risk of significant loss by a Sub-Fund. There is no assurance that any derivative strategy used by a Sub-Fund will succeed.

There are risks associated with management of collateral and re-investment of collateral. The value of any collateral received in respect of FDI transactions (if any) may be affected by market events. In the case of collateral assets which are listed Securities, the listing of such Securities may be suspended or revoked or the trading of such Securities on the stock exchanges may be suspended, and during the period of suspension or upon revocation, it may take longer to realise the relevant collateral assets. In the case of collateral assets which are debt Securities, the value of such Securities will be dependent on the creditworthiness of the issuers or obligors in respect of the relevant collateral assets. In the event any issuer or obligor of such collateral assets is insolvent, the value of the collateral assets will be reduced substantially and may cause the relevant Sub-Fund's exposure to such counterparty to be under-collateralised. If the Sub-Fund reinvests cash collateral, it is subject to investment risk including the potential loss of principal.

A Sub-Fund may use investment techniques, including investments in derivatives, such as Futures Contracts and Swaps that may be considered aggressive, in which case the Sub-Fund will be subject to the risks associated with the use of FDIs as described above. The use of derivatives may result in larger losses or smaller gains than investing in or shorting the Securities comprised in the relevant Sub-Fund and/or (for an Index Tracking Sub-Fund only) Securities included in the relevant Index. When a Sub-Fund uses derivatives, there may be imperfect correlation between the value of the underlying reference assets and the derivative, which may prevent each Sub-Fund from achieving its investment objective.

With respect to the use of Swaps, if the underlying index has a dramatic intraday move in value that causes a material decline in a Sub-Fund's Net Asset Value, the terms of the Swap agreement between the Sub-Fund and its Swap Counterparty may allow the Swap Counterparty to immediately close out of the transaction with the Sub-Fund. In such circumstances, each Sub-Fund may be unable to enter into another swap agreement or invest in other derivatives to achieve the desired exposure consistent with the Sub-Fund's investment objective.

Any financing, borrowing or other costs associated with using derivatives may also have the effect of lowering the Sub-Fund's return.

#### *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 any Sub-Fund.

#### *Liquidity Risk*

Some Securities held by a Sub-Fund, including derivatives, may be difficult to sell or illiquid, particularly during times of market turmoil. Illiquid Securities may also be difficult to value. Markets for Securities or financial instruments could be disrupted by a number of events, including, but not limited to an economic crisis, natural disasters, new legislation or regulatory changes. Illiquid Securities may also be difficult to value. If a Sub-Fund is forced to sell an illiquid security at an unfavourable time or at a price that is lower than Manager's judgment of the Security's true market value, each Sub-Fund may be forced to sell the security at a loss. Such a situation may prevent each Sub-Fund from limiting losses, realising gains or achieving its investment objective, thus adversely affecting the Sub-Fund's performance.

#### *Difficulties in Valuation of Investments Risk*

Securities and/or Futures Contracts acquired on behalf of a Sub-Fund may subsequently become illiquid due to events relating to the issuer of the Securities and/or Futures Contracts, market and economic conditions and regulatory sanctions. The market value of such Securities and/or Futures Contracts may become more difficult or impossible to ascertain. In cases where no clear indication of the value of a Security and/or Futures Contract in a Sub-Fund's portfolio is available (for example, when the secondary markets on which a security is traded have become illiquid) the Manager may in consultation with the Trustee apply valuation methods to ascertain the fair value of such securities, pursuant to the Trust Deed.

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

#### *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 a Sub-Fund, including increasing or decreasing the level of premium or discount of the Unit price to Net Asset Value or affecting the ability of an Index Tracking Sub-Fund to track the relevant Index. Furthermore, such market interventions may have a negative impact on the market sentiment which may in turn affect the performance of the Sub-Fund or the performance of an Index (if the Sub-Fund is an Index-Tracking Sub-Fund) and as a result the performance of the relevant Sub-Fund.

#### *Restricted Markets Risk*

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

#### *Securities Financing Transaction Risks*

A Sub-Fund may enter into securities financing transactions or other similar over-the-counter transactions, which is subject to risks including:

- *Risk relating to securities lending transactions:* Securities lending transactions may involve the risk that the borrower may fail to return the securities lent out in a timely manner and the value of the collateral may fall below the value of the securities lent out.
- *Risk relating to sale and repurchase transactions:* In the event of the failure of the counterparty with which collateral has been placed, the Sub-Fund may suffer loss as there may be delays in recovering collateral placed out or the cash originally received may be less than the collateral placed with the counterparty due to inaccurate pricing of the collateral or market movements.
- *Risk relating to reverse repurchase transactions:* In the event of the failure of the counterparty with which cash has been placed, the Sub-Fund may suffer loss as there may be delay in recovering cash placed out or difficulty in realising collateral or proceeds from the sale of the collateral may be less than the cash placed with the counterparty due to inaccurate pricing of the collateral or market movements.

### **Risks Associated with Mainland China**

#### *Economic, Political and Social Risks of Mainland China*

The economy of Mainland China, which has been in a state of transition from a planned economy to a more market oriented economy, differs from the economies of most developed countries in many respects, including the level of government involvement, its state of development, its growth rate, control of foreign exchange, and allocation of resources.

Although the majority of productive assets in Mainland China are still owned by the PRC government at various levels, in recent years, the PRC government has implemented economic reform measures emphasising utilisation of market forces in the development of the economy of Mainland China and a high level of management autonomy. The economy of Mainland China has experienced significant growth in the past two decades, but growth has been uneven both geographically and among various sectors of the economy. Economic growth has also been accompanied by periods of high inflation. The PRC government has implemented various measures from time to time to control inflation and restrain the rate of economic growth.

For more than two decades, the PRC government has carried out economic reforms to achieve decentralisation

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

Any political, social or diplomatic developments or changes in Mainland China may result in the imposition of additional government restrictions including expropriation of assets, confiscatory taxes or nationalisation of some or all of the property held by the underlying issuers of the Securities in a Sub-Fund's portfolio.

#### *Accounting and Reporting Standards Risk*

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

#### *Changes in Mainland China Taxation Risk*

The PRC government has implemented a number of tax reform policies in recent years. The current tax laws and regulations may be revised or amended in the future. Any revision or amendment in tax laws and regulations may affect the after-taxation profit of Mainland China companies and foreign investors in such companies. Please also refer to the sub-section below headed "**Mainland China Taxation**" under the section headed "TAXATION" of this Prospectus.

#### *RMB Currency and Conversion Risks*

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.

Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' base currencies (for example HKD) will not depreciate. Any depreciation of RMB could adversely affect the value of investor's investment in the Sub-Fund.

Although offshore RMB ("**CNH**") and onshore RMB ("**CNY**") are the same currency, they trade at different rates. Any divergence between CNH and CNY may adversely impact investors.

#### ***Risks associated with investments in loss-absorption features (LAP)***

The Sub-Fund may invest in fixed income instruments with loss-absorption features, such as senior non-preferred debts. Fixed income instruments with loss-absorption features are subject to greater risks when compared to traditional fixed income instruments as such instruments are typically subject to the risk of being written down or converted to ordinary shares upon the occurrence of a pre-defined trigger event (e.g. when the issuer is near or at the point of non-viability or when the issuer's capital ratio falls to a specified level), which are likely to be outside of the issuer's control. Such trigger events are complex and difficult to predict and may result in a significant or total reduction in the value of such instruments.

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

#### **Risks Associated with Investment in Index Tracking Sub-Funds**

##### *Passive Investment Risk*

The Index Tracking Sub-Funds are not actively managed. Accordingly, such Index Tracking Sub-Funds may be affected by a decline in the market segments relating to the relevant Index or Indices. Each Index Tracking Sub-Fund invests in the Securities, Swaps and/or Futures Contracts included in or representative of the relevant

Index regardless of their investment merit, except to the extent of any representative sampling strategy. The Manager will not have the discretion to adapt to market changes due to the inherent nature of the Index Tracking Sub-Fund and will not take defensive positions in declining markets (unless under extreme market circumstances, the Manager may adopt temporary defensive position for protection of the Index Tracking Sub-Fund.), which means that falls in the Index or Indices are expected to result in corresponding falls in the Net Asset Value of the Index Tracking Sub-Fund, and investors may lose a significant part of their investment.

#### *Representative Sampling Risk*

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

#### *Tracking Error Risk*

An Index Tracking Sub-Fund's returns may deviate from the Index due to a number of factors. For example, the fees and expenses of an index-tracking Sub-Fund, any adoption of a representative sampling strategy, liquidity of the market, imperfect correlation of returns between an Index Tracking Sub-Fund's assets and the Securities and/or Futures Contracts constituting its Index, inability to rebalance an Index Tracking Sub-Fund's holdings of Securities and/or Futures Contracts to track its Index, changes in the constituents of the Index, rounding of Securities and/or Futures Contracts prices, foreign exchange costs, inability to acquire the required number of Securities and/or Futures Contracts due to limited Sub-Fund size, changes to an Index and regulatory policies may affect the Manager's ability to achieve close correlation with the Index of each Index Tracking Sub-Fund. Further, an Index Tracking Sub-Fund may receive income (such as interests and dividends) from its assets while the Index does not have such sources of income. There can be no guarantee or assurance of exact or identical replication at any time of the performance of the Index or that an Index Tracking Sub-Fund will achieve its investment objective at any time of corresponding to the performance of the relevant Index. The level of fees, taxes and expenses payable by an Index Tracking Sub-Fund will fluctuate in relation to the Net Asset Value. Although the amounts of certain ordinary expenses of each Index Tracking Sub-Fund can be estimated, the growth rate of an Index Tracking Sub-Fund, and hence its Net Asset Value, cannot be anticipated. In addition, there is no guarantee or assurance that the use of representative sampling strategy would help avoid the tracking error and each index-tracking Sub-Fund's returns may therefore deviate from its Index.

Although the Manager regularly monitors the tracking error of each Index Tracking Sub-Fund, there can be no guarantee or assurance that any Index Tracking Sub-Fund will achieve any particular level of tracking error relative to the performance of its Index.

#### *Fluctuations Risk*

The performance of the Units of an Index Tracking Sub-Fund should, before fees and expenses, correspond closely with the performance of the relevant Index. If the relevant Index experiences volatility or declines, the price of the Units of the Index Tracking Sub-Fund which tracks that Index will vary or decline accordingly.

#### *Licence to Use Index may be Terminated Risk*

In respect of each Index Tracking Sub-Fund, the Manager is granted a licence by the Index Provider to use each Index to create the relevant Index Tracking Sub-Fund based on the Index and to use certain trade-marks and any copyright in the Index. An Index Tracking Sub-Fund may not be able to fulfil its objective and may be terminated if the licence agreement is terminated. The initial term of the licence agreement may be limited in period and thereafter renewable for only short periods. There can be no guarantee that the relevant licence agreement will be perpetually renewed. For further information on the grounds for terminating the licence agreement, please refer to the section headed "**Index Licence Agreement**" in each Index Tracking Sub-Fund's Appendix. Although the Manager will seek to find a replacement Index, an Index Tracking Sub-Fund may also be terminated if the relevant 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 and/or Futures Contracts of each Index are determined and composed by the relevant Index Provider without regard to the performance of the relevant Index Tracking Sub-Fund. Each Index Tracking Sub-Fund is not sponsored, endorsed, sold or promoted by the relevant Index Provider. Each Index Provider makes no representation or warranty, express or implied, to investors in the relevant Index Tracking Sub-Fund or other persons regarding the advisability of investing in Securities and/or Futures Contracts generally or in the relevant Index Tracking Sub-Fund particularly. Each Index Provider has no obligation to take the needs of the Manager, or investors in the relevant Index Tracking Sub-Fund into consideration in determining, composing or calculating the relevant Index. There is no assurance that an Index Provider will compile the relevant 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 an Index Provider will not prejudice the interests of the relevant Index Tracking Sub-Fund, the Manager or investors.

### *Risk of Change in Methodology and Composition of an Index*

The composition of the Securities and/or Futures Contracts constituting an Index will change as the Securities and/or Futures Contracts of the Index may be delisted, or as the Securities and/or Futures Contracts mature or are redeemed or as new Securities and/or Futures Contracts are included in the Index. The construction methodology of the relevant Index may also change when the Index Provider deems it necessary to adapt to significant changes in the market condition. When this happens, the weightings or composition of the Securities and/or Futures Contracts owned by the relevant Index Tracking Sub-Fund (either directly or indirectly) will be changed as considered appropriate by the Manager to achieve the investment objective. Thus, an investment in Units of an Index Tracking Sub-Fund will generally reflect the performance of the relevant 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 an Index Tracking Sub-Fund will, at any given time accurately reflect the composition of the relevant Index (please refer to the risk factor headed "*Tracking Error Risk*" under the section headed "**Risks Associated with Investment in Index Tracking Sub-Funds**" below).

### **Risks Associated with Market Trading (applicable to the Listed Class Units only)**

#### *Trading Risk*

While the creation/redemption feature of each Sub-Fund is designed to make it likely that the Listed Class Units will trade close to their Net Asset Value, disruptions to creations and redemptions (for example, as a result of imposition of capital controls by a foreign government) may result in trading prices that differ significantly from the Net Asset Value. Also, there can be no assurance that an active trading market will exist or maintain for Listed Class Units of a Sub-Fund on any securities exchange on which Listed Class Units may trade.

The Net Asset Value of the Listed Class Units of an Investment Fund will also fluctuate with changes in the market value of an Investment Fund's holdings of Securities and changes in the exchange rate between the Hong Kong dollar and the subject foreign currency. The secondary market prices of Listed Class Units will fluctuate in accordance with changes in the Net Asset Value and supply and demand on any exchange on which the Listed Class Units are listed.

In addition, when buying or selling Listed Class Units on the SEHK additional charges (such as brokerage fees) mean that an investor may pay more than the Net Asset Value per Unit when buying Listed Class Units on the SEHK and may receive less than the Net Asset Value per Unit when selling Listed Class Units on the SEHK. The Manager cannot predict whether Listed Class Units will trade below, at, or above their Net Asset Value. Since, however, Listed Class 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 Class Units should not be sustained. If the Manager suspends creations and/or redemptions of Listed Class Units, the Manager anticipates that there may be larger discounts or premiums as between the secondary market price of Listed Class Units and the Net Asset Value.



### *Absence of Active Market and Liquidity Risks*

Although Listed Class Units of each Sub-Fund are listed for trading on the SEHK, there can be no assurance that an active trading market for such Listed Class Units will develop or be maintained. In addition, if the underlying Securities and/or Futures Contracts which comprise each Sub-Fund themselves have limited trading markets, or if the spreads are wide, this may adversely affect the price of the Listed Class Units and the ability of an investor to dispose of its Listed Class Units at the desired price. If an investor needs to sell his, her or its Listed Class Units at a time when no active market for them exists, the price received for the Listed Class Units – assuming an investor is 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 Class Units on the SEHK during any period in which trading of the Listed Class Units is suspended. The SEHK may suspend the trading of Listed Class 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 Class Units may also be suspended if the trading of Listed Class Units is suspended.

### *Listed Class Units May Trade at Prices Other than Net Asset Value Risk*

Listed Class Units may trade on the SEHK at prices above or below the most recent Net Asset Value. The Net Asset Value per Unit of each Sub-Fund is calculated at the end of each Dealing Day and fluctuates with changes in the market value of the relevant Sub-Fund's holdings. The trading prices of the Listed Class Units fluctuate continuously throughout the trading hours based on market supply and demand rather than Net Asset Value of the Listed Class Units. The trading price of the Listed Class Units may deviate significantly from Net Asset Value of the Listed Class Units particularly during periods of market volatility. Any of these factors may lead to the Listed Class Units of the relevant Sub-Fund trading at a premium or discount to the Net Asset Value of the Listed Class Units. On the basis that Listed Class Units can be created and redeemed in Application Units at Net Asset Value of the Listed Class Units, the Manager believes that large discounts or premiums to Net Asset Value of the Listed Class Units are not likely to be sustained over the long-term. While the creation/redemption feature is designed to make it likely that the Listed Class Units will normally trade at prices close to the relevant Sub-Fund's next calculated Net Asset Value, trading prices are not expected to correlate exactly with the relevant Sub-Fund's Net Asset Value attributable to the Listed Class Units 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 of the Listed Class Units. In particular, if an investor purchases Listed Class Units at a time when the market price is at a premium to Net Asset Value of the Listed Class Units or sells when the market price is at a discount to Net Asset Value of the Listed Class Units, then the investor may sustain losses.

### *Restrictions on Creation and Redemption of Listed Class Units Risk*

Investors should note that an investment in the Listed Class Units of a 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 Class Units of a Sub-Fund may only be created and redeemed in Application Unit sizes directly by a Participating Dealer (either on its own account or on behalf of an investor through a stockbroker which has opened an account with the Participating Dealer). Other investors of Listed Class Units may only make a request (and if such investor is a retail investor, through a stockbroker which has opened an account with a Participating Dealer) to create or redeem Listed Class Units in Application Unit sizes through a Participating Dealer which reserves the right to refuse to accept a request from an investor to create or redeem Listed Class Units under certain circumstances. Alternatively, investors may realize the value of their Listed Class Units by selling their Listed Class 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 sub-section headed **"Creations and Redemptions (Primary Market) of the Listed Class Units"** under the section headed **"PROVISIONS RELATING TO THE OFFER, CREATION, REDEMPTION, LISTING AND TRADING OF THE LISTED CLASS UNITS"** of this Prospectus for details in relation to the circumstances under which creation and redemption applications can be rejected.

### *Cost of Trading Listed Class Units Risk*

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

### *Secondary Market Trading Risk*

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

### *Reliance on Market Makers Risk*

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 Listed Class Units of each Sub-Fund. Where a Multi-Counter arrangement has been adopted in respect of the Listed Class Units of a Sub-Fund, the Manager will use its best endeavours to put in place arrangements so that there is at least one Market Maker for Listed Class Units traded in each counter. Nevertheless, it should be noted that there may be circumstances such as the revocation of the relevant market making approvals or registration or other changes beyond the control of the Manager that may result in the sudden loss of a Market Maker for the Sub-Fund and liquidity in the market for the Listed Class Units may be adversely affected if there is no Market Maker for Listed Class Units in a particular counter. The Manager will seek to mitigate this risk by using its best endeavours to put in place arrangements so that at least one Market Maker for each counter 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 Listed Class Units. Furthermore, any disruption to the availability of RMB may adversely affect the capability of Market Makers in providing liquidity for such RMB traded Listed Class Units. It is possible that there is only one SEHK Market Maker to a counter 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.

### *No Trading Market in the Units Risk*

Although the Listed Class Units are listed on the SEHK and one or more Market Makers have been appointed, there may be no liquid trading market for the Listed Class Units or that such Market Maker(s) may cease to fulfil that role. Further, there can be no assurance that Listed Class 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.

### *Reliance on Participating Dealers Risk*

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

or redeem Listed Class Units freely.

#### *Trading Time Differences Risk (if applicable)*

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

#### **Risks Associated with Regulation**

##### *Withdrawal of SFC Authorisation Risk*

The Trust and each Sub-Fund have been authorised as a collective investment scheme under the Code by the SFC under section 104 of the SFO. SFC authorisation is not a recommendation or endorsement of the Trust or any of the Sub-Funds nor does it guarantee the commercial merits of the Trust, any of the Sub-Funds or their performance. This does not mean the Trust or the Sub-Funds are suitable for all investors nor is it an endorsement of their suitability for any particular investor or class of investors. For an Index Tracking Sub-Fund, the SFC reserves the right to withdraw the authorisation of the Trust or a Sub-Fund if the relevant Index is no longer considered acceptable or impose such conditions as it considers appropriate. If the Manager does not wish the Trust or a 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 a Sub-Fund, the Trust or the Sub-Fund (as applicable) will be terminated.

##### *General Legal and Regulatory Risk*

A 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 an Index or the Securities and/or Futures Contracts in a Sub-Fund's portfolio and as a result, the performance of the relevant 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 a Sub-Fund.

##### *Listed Class Units may be Delisted from the SEHK Risk (applicable to the Listed Class Units only)*

The SEHK imposes certain requirements for the continued listing of Securities, including the Listed Class Units, on the SEHK. Investors cannot be assured that any Sub-Fund will continue to meet the requirements necessary to maintain the listing of Listed Class Units on the SEHK or that the SEHK will not change the listing requirements. If the Listed Class Units of a Sub-Fund are delisted from the SEHK, Unitholders will have the option to redeem their Listed Class Units by reference to the Net Asset Value of the Sub-Fund. Where the relevant 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 a Sub-Fund for any reason it is likely that Listed Class Units may also have to be delisted.

##### *Taxation Risk*

Investing in a 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.

### *Foreign Account Tax Compliance Act Related Risks*

Sections 1471 to 1474 (referred to as “**FATCA**”) of the US Internal Revenue Code of 1986, as amended (the “**IRS Code**”) imposes rules with respect to United States and certain non-United States persons, such as the Trust and/or each Sub-Fund. Certain payments to foreign financial institutions (each, an “**FFI**”), including, but not limited to, interest and dividends from securities may be subject to withholding at a 30% rate under FATCA, unless the recipient of the payment satisfies certain requirements intended to enable the US Internal Revenue Service (the “**IRS**”) to identify United States persons (within the meaning of the IRS Code) with interests in such payments. To avoid such withholding on payments made to an FFI, such as the Trust and/or each Sub-Fund (and, generally, other investment funds organised outside the US), it generally will be required to be subject to the terms of an agreement (an “**FFI Agreement**”) with the US IRS under which it will agree to, among other things, identify its direct or certain indirect owners who are United States persons (including certain entities controlled by United States persons) and report certain information concerning such United States person owners and/or entities to the US IRS.

In general, an FFI which does not sign an FFI Agreement or agree to be subject to the terms of an FFI Agreement and is not otherwise exempt may face a 30% withholding tax on all “withholdable payments”, including U.S.-sourced dividends, interest and certain other payments. It is possible that certain non-US source payments attributable to amounts that would be subject to FATCA withholding (referred to as “passthru payments”) may also be subject to FATCA withholding, though the definition of “passthru payment” in US Treasury Regulations is currently pending.

The Hong Kong Government has entered into an intergovernmental agreement (“**IGA**”) for the implementation of FATCA, adopting “Model 2” IGA arrangements. Under these “Model 2” IGA arrangements, FFIs in Hong Kong (such as the Trust and/or each Sub-Fund) would be required to be subject to the terms of the FFI Agreement with the US IRS and register with the US IRS. Otherwise they may be subject to a 30% withholding tax on withholdable payments to them.

Under the IGA, FFIs in Hong Kong (such as the Trust and/or each Sub-Fund) complying with the FFI Agreement (i) will generally not be subject to the above described 30% withholding tax; and (ii) will not be required to withhold tax on withholdable payments made to non-consenting accounts (including accounts which the holders are U.S. persons and do not provide their US taxpayer identification number or consent to the FFI to report their information to the US IRS).

The Trust and/or each Sub-Fund intend to satisfy the requirements imposed under FATCA and the terms of the FFI Agreement to avoid any withholding tax under FATCA. In the event the Trust and/or a Sub-Fund is not able to comply with the requirements imposed by FATCA or the terms of the FFI Agreement, the Trust and/or the relevant Sub-Fund may be subject to US withholding tax on withholdable payments. The Net Asset Value of the Trust or the relevant Sub-Fund may be adversely affected and the Trust or the relevant Sub-Fund may suffer significant loss as a result. The Trust and each Sub-Fund’s ability to comply with FATCA will depend on each Unitholder providing the Trust or its agent with information that the Trust requests concerning the Unitholder or its direct and indirect owners. As at the date of this Prospectus, all Listed Class Units are registered in the name of HKSCC Nominees Limited. HKSCC Nominees Limited has registered as a participating foreign financial institution under Model 2 IGA.

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

The Trust and each Sub-Fund has been registered with the IRS as at the date of this Prospectus. The Global Intermediary Identification Number for the Trust, Taikang Hong Kong USD Money Market ETF and Taikang Hong Kong HKD Money Market ETF are I28Y0I.99999.SL.344 , 8FJNQ9.99999.SL.344 and 3CXS7G.99999.SL.344 respectively.

The FATCA provisions are complex and continue to evolve. As such, the effects which the FATCA provisions may have on the Trust and each Sub-Fund may be subject to change. Withholding may apply to withholdable payments covered by FATCA if the Trust and each Sub-Fund cannot satisfy the applicable requirements and is determined to be non-compliant or if the Hong Kong government is found in breach of the terms of the agreed IGA. The above description is based in part on regulations, official guidance and Model 2 IGA, all of which are subject to change or may be implemented in a materially different form. Nothing in this risk factor 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.

Each Unitholder and prospective investor should consult with his own tax advisor as to the potential impact of FATCA in its own tax situation. Unitholders who hold their Units through intermediaries should also confirm the FATCA compliance status of those intermediaries.

#### *Valuation and Accounting Risk*

The Manager intends to adopt IFRS in drawing up the annual financial reports of each Sub-Fund. However, the calculation of the Net Asset Value in the manner described under the section headed “**DETERMINATION OF NET ASSET VALUE**” of this Prospectus will not necessarily be in compliance with generally accepted accounting principles, that is, IFRS. Investors should note that under IFRS, establishment costs should be expensed as incurred and that the amortisation of the expenses of establishing a Sub-Fund is not in accordance with IFRS; however, the Manager has considered the impact of such non-compliance and has considered that it will not have a material impact on the financial reports of each Sub-Fund. To the extent that the basis adopted by a Sub-Fund for subscription and redemption purposes deviates from IFRS, the Manager may make necessary adjustments in the annual financial reports for the financial reports to be in compliance with IFRS. Any such adjustments will be disclosed in the annual financial reports, including a reconciliation.

#### *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 (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 Trust Fund, against any action, costs, claims, damages, expenses or demands relating to the Trust as a whole, the Trust Fund or any part thereof, which may result in Unitholders of one Sub-Fund being compelled to bear the liabilities incurred in respect of other Sub-Fund(s) 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-Fund(s).

#### *Cross Liability Risk*

The assets and liabilities of each 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.

### **Differences in Dealing, Fee and Cost Arrangements between Listed Class Units and Unlisted Class Units**

#### *Different Dealing Arrangements*

Each Sub-Fund may offer both Listed Class Units and Unlisted Class Units. Dealing arrangements in respect of Listed Class Units and Unlisted Class Units are different, and depending on market conditions, investors of the Listed Class Units may be at an advantage compared to investors of the Unlisted Class Units, or vice versa. The Net Asset Value per Unit of each of the Listed Class Units and Unlisted Class Units may also be different due to the different fees (such as the Management Fee) and costs applicable to each class of Units.

### *Dealing Arrangements in respect of Unlisted Class Units*

Unlike investors of Listed Class Units who may buy and sell Listed Class Units in the secondary market during SEHK trading hours, investors of Unlisted Class 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, holders of Listed Class Units would have intra-day trading opportunities which will not be available to holders of Unlisted Class Units. In a stressed market scenario, holders of Listed Class Units can sell their units on the secondary market during SEHK trading hours if the market continues to deteriorate, while holders of Unlisted Class Units will not be able to do so.

### *Different Arrangements in respect of Listed Class Units*

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

### *Different Cost Mechanisms*

In addition, the levels and types of fees and costs applicable to each of the Listed Class Units and the Unlisted Class Units may differ. As such, the Net Asset Value per Unit of each of the Listed Class Units and Unlisted Class Units may also be different due to the different fees and costs applicable to each class of Units. For instance:

- For Listed Class Units, the Transaction Fee, the Service Agent's Fee and/or the Conversion Agent's Fee (as the case may be), the Registrar Fee as well as all other Duties and Charges, may be payable by the Participating Dealer in respect of Creation and Redemption Applications. Investors of Listed Class Units in the secondary market will not bear the foregoing, but may incur SEHK-related fees such as brokerage fees, transaction levy, AFRC transaction levy, trading fee, and inter-counter transfer fee, as described under the section headed "**Fees and Expenses**".
- On the other hand, the subscription and redemption of Unlisted Class 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 an amount of Subscription Adjustment Allowance or Redemption Adjustment Allowance (as the case may be) it considers represent an appropriate provision for Duties and Charges which are customarily incurred by the relevant Sub-Fund, and such additional amount will be paid to the Trustee and will form part of the assets of the relevant Sub-Fund. Please refer to the section headed "**Fees and Expenses**" for further information on the Subscription Fee and Redemption Fee.

For details of the fees and costs applicable to each class of Units, please refer to the section headed "**Fees and Expenses**" in the relevant Appendix to this Prospectus.

Please also refer to "**Risks Associated with Market Trading (applicable to the Listed Class Units only)**" above for additional risks relating to Listed Class Units.

### **Dilution and Price Adjustment Risk (applicable to Unlisted Class Units)**

As described in the paragraph relating to "Adjustments on the Redemption Price and Subscription Price" under the sub-section headed "Liquidity Risk Management" under the section headed "**STATUTORY AND GENERAL INFORMATION**" of this Prospectus, large transactions in and out of a Sub-Fund may dilute the Sub-Fund's assets due to dealing and other costs (including, but not limited to, bid-offer spreads, brokerage, taxes and government charges) associated with the trading of underlying securities. The Manager may implement price adjustment measures, by adjusting the Net Asset Value per Unit in determining the Subscription Price or Redemption Price of a Sub-Fund, or imposing a dilution levy, to attempt to counter the

potentially dilutive effects of dealing on the Sub-Fund's assets on any Dealing Day and to mitigate the prejudicial impact on existing Unitholders who are not responsible for the transactions and the associated costs.

Investors should note that the occurrence of large transactions in or out of a Sub-Fund, which in turn triggers a price adjustment or the imposition of a dilution levy, is not predictable. Consequently, it is also not possible to accurately predict how frequent such price adjustments will need to be made. Investors should also be aware that such measures may not always, or fully, prevent the dilution of a Sub-Fund's assets. For example, in adverse market circumstances when the dealing costs incurred was more than 2% (i.e. the swing pricing limit and the dilution levy limit) of the original Subscription Price or Redemption Price, the additional costs will be absorbed by the Sub-Fund. The determination of price adjustment or dilution levy on a particular day is based on the net cash flow for that day and the level of materiality of dilution arising from this net cash flow. As price adjustment can only be made in one direction on any given day, to recover the material dilution for the Sub-Fund, any adjustments may also benefit certain investors relative to other Unitholders in a Sub-Fund as a whole. For instance, an investor subscribing into a Sub-Fund on a day on which the Subscription Price is adjusted downwards as a result of net outflows from the relevant Sub-Fund may benefit from paying a lower Subscription Price in respect of his/her subscription than he/she would otherwise have been charged.

### **Risks Associated with Tokenised Class(es) of Units**

The dealing of tokenised class(es) of Units will involve the reliance on virtual asset trading platforms and the use of blockchain technology, which is subject to the following risks:

#### *Blockchain Technology Risk*

The blockchain technology is relatively new and is subject to various threats or risks that can adversely impact a Sub-Fund. Notwithstanding the fact that blockchains are secured by means of cryptography, there is a possibility that such security measures can be compromised (for example, blockchain systems can be susceptible to generic network attacks and phishing attacks) and thereby resulting in the unauthorised alteration of the blockchain or the Tokens (as defined in Schedule 3 to the Prospectus) that may disrupt the operation of the Sub-Fund.

Furthermore, a blockchain network may experience a "fork" (i.e., "split") of the network, which would result in the existence of two or more versions of the blockchain network running in parallel with duplication of the same Token, but with each version's native asset lacking interchangeability, potentially competing with each other for users and other participants. Where a fork occurs in one of the blockchain networks used by the Sub-Fund, the Manager, in consultation with the Trustee and the Tokenisation Provider, will act in the best interest of investors and have the sole discretion to determine which of the resulting blockchain networks will continue to be used in respect of the Sub-Fund's tokenised class(es) of Units and which will be discontinued.

There is also a risk of undiscovered technical flaws associated with systems utilizing blockchain technology. In addition, there is a possibility that new technologies or services that inhibit access to, or utility of, a blockchain may emerge. Blockchain technology may also never be implemented to a scale that provides identifiable economic benefit.

#### *Token Security Risk*

The loss or theft of the private key of an Eligible Distributor will compromise its Digital Wallet (as defined in Schedule 3 to the Prospectus) and expose its corresponding investor(s) to risk of misappropriation of Tokens or inability to access Tokens associated with the Digital Wallet. In the event of loss or theft of Tokens, the lost or stolen Tokens of the investors can be fully recovered as the Manager (through the Tokenisation Provider) has control over the smart contract and may compel the transfer of the lost or stolen Tokens to a secure address.

#### *Risk associated with loss of Tokens held in Omnibus Account*

Investors' Tokens are currently held in the name of their Eligible Distributor as nominee with the Token Custodian where the beneficial ownership record of Tokens is maintained by the Eligible Distributor and reflected in the investors' trading and custody accounts with the Eligible Distributor. The Token Custodian

may hold the Tokens in an omnibus account instead of maintaining a separate segregated account for each Eligible Distributor. As a result, an Eligible Distributor's Tokens may be commingled with the Tokens of other Eligible Distributors held by the Token Custodian. In the event of loss of Tokens held in the omnibus account due to theft, cyberattacks, loss or damage, an Eligible Distributor may need to share the shortfall together with other Eligible Distributors whose Tokens are held in the omnibus account on a pro rata basis. Consequently, investors may need to bear the shortfall together with other investors in the case of loss of Tokens.

#### *Cybersecurity Risk*

The Digital Platform contains the complete transaction history of the tokenised Units and certain data on the blockchain utilised is available to the public. As a result, certain information other than personal identifying information may be publicly accessible by way of tools that are capable of displaying activity on the blockchain. Personal identifying information of investors is maintained separately by the Manager, the Trustee, the Token Custodian and the Eligible Distributor(s) (as the case may be) and is not available to the public.

While each of the Manager and the Tokenisation Provider has put in place adequate policies and measures to counter cybersecurity risks, such policies and measures cannot provide absolute security. The techniques used to obtain unauthorised access to data and information change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may also contain defects in design or manufacture or other problems that can unexpectedly compromise information security. In the case of data security breaches where such personal identifying information is exposed to the public, such information can be used to determine a Unitholder's identity and investing history in the relevant Sub-Fund.

#### *Delay Risk*

Delays in transaction processing can occur on the blockchain utilised for the relevant tokenised Units. For example, delays can occur when computers on the network are unable to reach a consensus on transactions on the blockchain. During a delay, it will not be possible to record transactions in the Units on the blockchain which may create discrepancies between on-chain and off-chain records, thereby impacting investors' ability to subscribe or redeem the relevant tokenised Units. Delay risk may have adverse impact on both subscription and redemption processes of the tokenised Units and investors' receipt of tokenised Units or redemption proceeds may be delayed.

#### *Dependence on Service Providers*

The Manager and the relevant Sub-Fund rely on various parties (including the Trustee, Transfer Agent and Registrar, the Tokenisation Provider, the Token Custodian and the Eligible Distributor(s)) to facilitate the administration and offering of the relevant tokenised Units through the use of blockchain and blockchain-related technology and maintain the relevant operating infrastructure (e.g. software, systems and smart contract technology). Such operations may be adversely impacted if any such party ceases to provide the relevant services.

#### *Regulatory Risk*

As the use of blockchain technology is relatively new, Hong Kong regulations regarding blockchain are evolving and subject to development that may negatively impact the operation of the relevant Sub-Fund in relation to the administration and offering of the relevant tokenised Units.

#### *Potential Challenges in Application of Existing Laws*

There are differences in the way tokenised Units are dealt with and recorded, compared to traditional funds and their means of distribution. This can make the resolution of issues concerning tokenised Units more



complex and difficult under existing laws.

#### *Smart Contract and Technical Risk*

Smart contracts used for tokenisation may contain coding errors, bugs, or vulnerabilities that could result in loss of tokens, unauthorised operations, or system failures. The upgrade mechanism of smart contracts may introduce new vulnerabilities or cause temporary service interruptions. Dependencies on external smart contracts or protocols may introduce additional security risks. Token standards may have inherent limitations or vulnerabilities that could affect Token operations.

#### *Operational Infrastructure Risks*

Integration between traditional fund administration systems and blockchain infrastructure may face operational disruptions. The mint and burn mechanism for tokens relies on multiple parties and systems, introducing operational complexity and potential points of failure. System upgrades or maintenance of the blockchain infrastructure may cause temporary service interruptions.

#### *Risk Associated with Virtual Asset Trading Platforms (as distributors)*

The virtual asset trading platforms on which tokenised Units in a Sub-Fund may be offered are relatively newly established. The use of virtual asset trading platforms may expose investors to, amongst other things, counterparty risks of the platform operators and liquidity risks whereby demand of the tokenised Units of the Sub-Fund may be limited and such platforms may impose limits or restrictions on which moneys deposited in such platforms can be withdrawn (such as minimum withdrawal amount, and daily withdrawal limit). Furthermore, virtual asset trading platforms are also common targets of cybercriminals. Please also refer to “Cybersecurity Risk” above.

#### *Recovery and Business Continuity Risks*

Service provider failures may affect Token operations and management. Business continuity plans may prove inadequate in blockchain-specific scenarios.

#### **Risks Associated with Loss of Tokens Held in Omnibus Account**

Investors’ Tokens are currently held in the name of their Eligible Distributor as nominee with the Token Custodian where the beneficial ownership record of Tokens is maintained by the Eligible Distributor and reflected in the investors’ trading and custody accounts with the Eligible Distributor. The Token Custodian may hold the Tokens in an omnibus account instead of maintaining a separate segregated account for each Eligible Distributor. As a result, an Eligible Distributor’s Tokens may be commingled with the Tokens of other Eligible Distributors held by the Token Custodian. In the event of loss of Tokens held in the omnibus account due to theft, cyberattacks, loss or damage, an Eligible Distributor may need to share the shortfall together with other Eligible Distributors whose Tokens are held in the omnibus account on a pro rata basis. Consequently, investors may need to bear the shortfall together with other investors in the case of loss of Tokens.

#### **Risk Associated with Differences in Dealing and Fee Arrangements between Tokenised Class(es) of Units and Non-tokenised Class(es) of Units**

Dealing arrangements in respect of tokenised class(es) of Units and non-tokenised class(es) of Units are different, the applicable dealing procedures with the Eligible Distributor(s) (in the case of tokenised class of Units) and the distributor (if applicable, in the case of non-tokenised class(es) of Units) may be different. Investors should check with the Eligible Distributor(s) and/or distributor for the applicable dealing procedures and timing. The Net Asset Value per Unit of each of the tokenised class of Units and non-tokenised class(es) of Units may also be different due to the different fees (such as the Management Fee and Tokenisation Fee) applicable to each such class of Units.

Any or all of these factors may lead to a difference in the Net Asset Value of the tokenised class of Units and non-tokenised class(es) of Units.

*Dealing Arrangements in respect of Non-tokenised Class(es) of Units*

Investors can buy or sell the non-tokenised class(es) of Units at the Net Asset Value of the relevant non-tokenised class(es) of Units. Applicants may apply for non-tokenised class(es) of 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 non-tokenised class(es) of Units through a distributor should therefore consult the distributor for details of the relevant dealing procedures.

The Manager may from time to time permit Unitholders to switch some or all of their Units of an non-tokenised class of Units of any Sub-Fund into the Units of an non-tokenised class of Units of the same Sub-Fund or another Sub-Fund, or non-tokenised class of Units, units or interests in other collective investment schemes managed by the Manager or its Connected Persons and which has been authorised by the SFC.

*Dealing Arrangements in respect of tokenised class of Units*

Investors may only subscribe for, or redeem, the tokenised class of Units at the Net Asset Value in the form of Tokens via the Eligible Distributor(s).

Switching of tokenised class of Units into Units of other class(es) in the Sub-Fund or another Sub-Fund of the Trust, or vice versa, is not allowed.

## **FEES AND EXPENSES**

There are different levels of fees and expenses applicable to investing in a Sub-Fund as set out below, current as at this date of this Prospectus. Where any levels of fees and expenses applicable to a particular Sub-Fund differs from the following, such fees and expenses will be set out in full in the relevant Appendix.

Investors should note that certain fees and expenses are applicable only to Listed Class Units, and certain other fees and expenses are applicable only to Unlisted Class Units.

### **Fees and Expenses applicable to the Listed Class in a Sub-Fund only**

|  |                     |
|--|---------------------|
| <b>Fees and expenses payable by Participating Dealers on creations and redemptions (as applicable) of Listed Class Units (applicable both during the Initial Offer Period and After Listing)</b> | <b>See Appendix</b> |
|--|---------------------|

| <b>Fees and expenses payable by investors</b>   | <b>Amount (for all Sub-Funds with Listed Class Units)</b>       |
|---|---|
| <b><i>(i) Fees payable by clients of the Participating Dealers in respect of creations and redemptions (as applicable) via the Participating Dealer (applicable both during the Initial Offer Period and After Listing)</i></b> |   |
| Fees and charges imposed by the Participating Dealer <sup>1</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 Units on SEHK (applicable After Listing)</i></b>  |   |
| Brokerage   | Market rates  |
| Transaction levy  | 0.0027% <sup>2</sup> of the trading price                       |
| AFRC transaction levy   | 0.00015% <sup>3</sup> of the trading price                      |
| SEHK trading fee  | 0.00565% <sup>4</sup> of the trading price                      |
| Stamp duty  | Nil   |
| Inter-counter transfers   | Nil   |

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 SFO.

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### **Fees and Expenses applicable to the Unlisted Class(es) in a Sub-Fund only**

#### ***Subscription Fee***

The Manager is entitled to charge a Subscription Fee on the issue of any Unlisted Class Units of any Sub-

<sup>1</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>2</sup> Transaction levy of 0.0027% of the trading price of the Units, payable by each of the buyer and the seller.

<sup>3</sup> An AFRC transaction levy, presently 0.00015% of the trading price of the Units, payable by each of the buyer and the seller.

<sup>4</sup> Trading fee of 0.00565% of the trading price of the Units, payable by each of the buyer and the seller.

Fund of up to a maximum of 5% 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 a Sub-Fund or a particular class) of a Sub-Fund.

The Manager will inform investors of any such increase in accordance with the applicable requirements of the Code. The Subscription Fee will be retained by or paid to the Manager, its agents or delegates for their own absolute use and benefit. The Manager shall be entitled to differentiate between applicants or Unlisted Classes as to the amount of the Subscription Fee.

The applicable rates of the Subscription Fee in respect of Unlisted Class Units of a Sub-Fund are set out in the Appendix for the relevant Sub-Fund.

#### *Redemption Fee*

The Manager is entitled to impose a Redemption Fee on the redemption of any Unlisted Class Units of any Sub-Fund of up to a maximum of 5% of the redemption proceeds payable in respect of such Units. The Redemption Fee is deducted from the redemption proceeds payable to a Unitholder in respect of each Unit of an Unlisted Class Units redeemed. The Manager may, in its absolute discretion, waive or reduce the payment of all or any portion of the Redemption Fee (either in relation to a Sub-Fund or a particular class) of a Sub-Fund.

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

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

The applicable rates of the Redemption Fee in respect of Unlisted Class Units of a Sub-Fund are set out in the Appendix for the relevant Sub-Fund.

#### *Switching Fee*

A Switching Fee may be charged by the Manager in respect of each Unit of the New Class to be issued upon such switching of up to 5% of –

- (i) the Subscription Price per Unit of the New Class as at the Valuation Point on the Dealing Day at which the Subscription Price of such Units is ascertained; or
- (ii) the total amount converted out of the Existing Class,

as the Manager may at its discretion determine.

The current rate of Switching Fee (if any) applicable to an Unlisted Class of a Sub-Fund and the manner in which it will be imposed are specified in the relevant Appendix.

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

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

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

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

formula:-

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

Where in either case:-

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

“E” is the number of Units of the Existing Class to be switched.

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

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

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

“SF” is a Switching Fee (if any).

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

### **Fees and Expenses Payable by a Sub-Fund (applicable to both Listed and Unlisted Classes)**

#### *Management Fee*

The Manager is entitled to receive a Management Fee of up to 2% per annum of the Net Asset Value of the relevant Class. The current Management Fee percentage in respect of each Sub-Fund is set out in the relevant Appendix and is accrued and calculated as at each Valuation Day and payable monthly in arrears out of the Trust Fund.

A Sub-Fund (or Class) may employ a single management fee structure, and details will be set out in the relevant Appendix of the Sub-Fund. For a Sub-Fund (or Class) which does not employ a single management fee structure, the following fees and expenses may be payable out of and borne by the relevant Sub-Fund (or Class): the Trustee’s fee, Registrar’s fees, custodian’s fees, the Service Agent’s Fee and/or the Conversion Agent’s Fee (as the case may be), fees and expenses of the Auditor, ordinary out-of-pocket expenses incurred by the Manager or the Trustee and costs and expenses of licensing the Index used in connection with the Sub-Fund (or Class) (where applicable).

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 Sub-Fund (or Class), to the extent permitted by applicable laws and regulations. A distributor may re-allocate an amount of the distribution fee to the sub-distributors.

The Manager has the discretion to waive or accept an amount lower than the current Management Fee from time to time, whether generally or in a particular case. The Manager reserves the right to waive or rebate any fees to which it is entitled, whether in part or in full and whether in respect of a particular investor or generally.

#### *Trustee Fee*

The Trustee is entitled to receive a Trustee Fee of up to 1% per annum of the Net Asset Value of a Sub-Fund (or class) for its own account out of any part of the Trust Fund of the relevant Sub-Fund (class). The current Trustee Fee percentage in respect of each Sub-Fund is set out in the relevant Appendix and is accrued and calculated as at the Valuation Point on each Valuation Day and payable monthly in arrears as soon as practicable after the end of each month in arrears out of the Trust Fund.

The Trustee also acts as the Registrar of the Trust and its Sub-Fund(s).

#### *Custodian Fee*

The Custodian is entitled to (among others) various fees and charges including safekeeping, transaction and processing fees and charges at customary market rates and a Custodian Fee at different rates, largely depending on the markets where the Custodian is required to hold a Sub-Fund's assets. The maximum rate of the Custodian Fee is 1% of the Net Asset Value of the relevant Sub-Fund. The current rate of the Custodian Fee is set out in the Appendix for the relevant Sub-Fund. Such charges and fees will be calculated monthly and will be paid monthly in arrears. The Custodian will also be entitled to reimbursement by the Sub-Fund for any out-of-pocket expenses properly incurred in the course of its duties.

The fees and expenses payable to the sub-custodians (if any) will be borne by the Custodian.

#### *Performance Fee*

The Manager may charge a performance fee in respect of a Sub-Fund.

If a performance fee is charged, further details will be provided in the Appendix for the relevant Sub-Fund, including the current rate of the performance fee payable and the basis of calculation of such fee.

#### *Promotional Expenses*

A Sub-Fund (or class) 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 any Sub-Fund (or class) will not be paid (either in whole or in part) out of the Trust Fund.

#### *Other Expenses*

Each Sub-Fund will bear all operating costs relating to the administration of the Sub-Fund including but not limited to stamp and other duties, taxes, 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, legal and professional fees, the costs and expenses of obtaining and maintaining a listing of any Listed Class Units on the SEHK or other stock exchange and the costs and expenses of obtaining and maintaining the Trust's and the Sub-Funds' authorisation under the SFO, the costs and expenses incurred in preparing, printing and updating of any offering documents and the expenses incurred in the preparation of supplemental deeds, index licencing fees, the expenses incurred in holding Unitholders' meetings and giving notices to Unitholders, preparing, printing and distributing all statements, accounts and reports pursuant to the Trust Deed, expenses of publishing Unit prices, and any other costs, charges and expenses which in the opinion of the Manager and the Trustee shall have been properly incurred in the administration and investment activities of the Trust or the Sub-Funds (or class).

#### **Establishment Costs**

The costs of establishing the Trust and the initial Sub-Funds (namely, Taikang Hong Kong USD Money Market ETF and Taikang Hong Kong HKD Money Market ETF) including the initial 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 are estimated to be approximately HKD1,200,000 and are borne by the initial

Sub-Funds (unless otherwise determined by the Manager) and will be amortised over the first five financial years of the initial Sub-Funds or such other period as determined by the Manager after consulting the Auditor.

Where subsequent Sub-Funds are established in the future, the Manager may determine that any unamortised establishment costs of the Trust or a part thereof may be reapportioned on a pro-rata basis to subsequent Sub-Funds when they are launched.

The attention of investors is drawn to the risk factor entitled “*Valuation and accounting risk*” in the section headed “**RISK FACTORS**” of this Prospectus.

#### **Tokenisation Fee (applicable to Class T Units only)**

The Tokenisation Provider of a Sub-Fund is entitled to receive fees for the tokenisation arrangement of the Sub-Fund and maintaining and operating the tokenisation infrastructure and platform. Furthermore, blockchain networks typically impose transaction fees in the form of the network’s native digital asset (e.g. ether on the Ethereum blockchain). Such transaction fees are paid by the Tokenisation Provider out of the Tokenisation Fee that it receives.

The Tokenisation Fee is accrued daily and payable quarterly in arrears and shall be borne by the Manager out of the Management Fee.

#### **Increase in Fees**

The current fees in respect of each Sub-Fund (except for a Listed Class for an Index Tracking Sub-Fund) payable to the Manager and the Trustee as described in the relevant Appendix may be increased (i) up to or towards the maximum level set out in this Prospectus on not less than one month’s notice (or not less than one week’s notice if such increase in fees only applies to Listed Class Units of an Index Tracking Sub-Fund) to Unitholders of the relevant Class (or such shorter period as may be allowed by the SFC); and (ii) beyond the maximum level, subject to approval by an extraordinary resolution of the Unitholders of the relevant Class.

## **STATUTORY AND GENERAL INFORMATION**

### **Reports**

The financial year-end of the Trust (and each Sub-Fund) is 31 December every year. Audited annual financial reports are to be prepared (in accordance with IFRS) and published on the Manager's website in English only within 4 months of each financial year-end. Half-yearly unaudited financial reports are also to be prepared up to 30 June of each year and published on the Manager's website within 2 months of such date.

Only an English version of the audited annual financial reports and the half-yearly unaudited financial reports of each Sub-Fund will be available. Printed copies may be requested free of charge from the Manager by contacting it, as described below under the sub-section headed "**Notices**".

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

### **Trust Deed**

The Trust and each 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 breaches of trust through fraud or negligence or any liability to Unitholders imposed by virtue of any Hong Kong law nor (ii) indemnify either the Trustee or the Manager (as the case may be) 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 the Trustee and the Manager shall certify in writing that such 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 liability to the Unitholders and will not result in any increase in the amount of costs and charges payable from the Trust Fund attributable to any Sub-Fund (other than the costs, charges, fees and expenses incurred in connection with the supplemental deed); or (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 where the interests of the Unitholders as a whole are affected or an extraordinary resolution of the Unitholders of a Sub-Fund where only the interests of such Unitholders are affected. The SFC must (where such approval is required) also give its prior approval to all amendments to the Trust Deed.

The Manager will notify affected Unitholders of the amendments if such notification is required under the Code.

### **Meetings of Unitholders**



Proxies may be appointed. A Unitholder who is the holder of 2 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 recognised 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 the need of producing any documents of title, notarised authorisation and/or further evidence for substantiating the facts that it is duly authorised and shall be entitled to exercise the same rights and powers on behalf of the recognised clearing house (or its nominee(s)) as if such person were the registered Unitholder of the Units held by the recognised 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 calendar days' notice in respect of a meeting where an Extraordinary Resolution (as defined in the Trust Deed) is to be proposed and 14 calendar days' notice in respect of a meeting where an ordinary resolution is to be proposed

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 a 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 a 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 of more than 50% of the votes of those present and entitled to vote in person or by proxy at a duly convened meeting. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting shall stand adjourned to such day and time not being less than 15 days thereafter and to such place as may be appointed by the chairman of the meeting. At such adjourned meeting, the Unitholders present in person or by proxy shall be a quorum. Notice of any adjourned meeting of Unitholders shall be given in the same manner as for an original meeting and such notice shall state that the Unitholders present at the adjourned meeting, whatever their number and the number of Units held by them, will form a quorum.

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 giving prior written notice to the Manager and the Unitholders if any of the following events shall occur, namely:

- (a) 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 and not discharged within 90 days;
- (b) the Trustee shall form the opinion for good and sufficient reason and shall so state in writing to the Manager that the Manager is incapable of performing its duties under the Trust Deed satisfactorily;
- (c) the Manager has failed to perform its duties satisfactorily under the Trust Deed 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;
- (d) any law is passed that renders it illegal or in the opinion of the Trustee and the Manager, impracticable or inadvisable to continue the Trust
- (e) either the Trustee shall be unable to find a person acceptable to the Trustee to act as the new Manager within 30 days after the removal of the Manager, or the person nominated shall fail to be approved by an extraordinary resolution; or
- (f) the Trustee decides to retire but within 90 days of the Trustee giving written notice to the Manager of its

desire to retire the Manager is unable to find a suitable person who is willing to act as trustee.

The Manager may terminate the Trust in its absolute discretion by notice in writing to the Trustee if:

- (a) after one year from the date of the Trust Deed, the aggregate Net Asset Value of all the Units in each Sub-Fund outstanding is less than HKD10 million (or equivalent in the base currency of the relevant Sub-Fund);
- (b) 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
- (c) within a reasonable time and using commercially reasonable endeavours, the Manager is unable to find a person acceptable to the Manager to act as the new trustee after deciding to remove the Trustee in accordance with the Trust Deed.

The Trustee may, in its absolute discretion, by notice in writing to the Manager, terminate a Sub-Fund or a class of Units of the Sub-Fund if:

- (a) the Trustee forms the opinion for good and sufficient reason that the Manager is incapable of performing its duties satisfactorily in respect of the relevant Sub-Fund or the relevant Class (as the case may be);
- (b) the Trustee forms the opinion for good and sufficient reason that the Manager has failed to perform its duties satisfactorily in respect of the relevant Sub-Fund or the relevant Class (as the case may be) or has done something calculated to bring the relevant Sub-Fund or the relevant Class (as the case may be) into disrepute or that is harmful to the interests of Unitholders of the relevant Sub-Fund or the relevant Class (as the case may be); or
- (c) any law or regulation is passed or amended or any regulatory directive or order is imposed that affects the relevant Sub-Fund or the relevant Class (as the case may be) and which renders the relevant Sub-Fund or the relevant Class (as the case may be) illegal or in the good faith opinion of the Trustee makes it impracticable or inadvisable to continue the relevant Sub-Fund or the relevant Class (as the case may be).

The Manager may, in its absolute discretion, by notice in writing to the Trustee, terminate a Sub-Fund or a class of Units of the Sub-Fund (as the case may be) if:

- (a) after one year from the date of establishment of the relevant Sub-Fund or the relevant Class (as the case may be), the aggregate Net Asset Value of all the Units in the relevant Sub-Fund outstanding is less than HKD10 million (or equivalent in the base currency of the relevant Sub-Fund) or such other amount specified in the relevant supplemental deed, or the aggregate Net Value of the Units of the relevant class outstanding thereunder is less than HKD10 million (or equivalent in the base currency of the relevant Sub-Fund);
- (b) any law or regulation is passed or amended or any regulatory directive or order is imposed that affects the relevant Sub-Fund or the relevant Class (as the case may be) and which renders the relevant Sub-Fund or the relevant Class (as the case may be) illegal or in the good faith opinion of the Manager makes it impracticable or inadvisable to continue that Sub-Fund or that class (as the case may be);
- (c) (for Index-Tracking Sub-Fund) its Index is no longer available for benchmarking or if the Listed Class Units of the relevant Index-Tracking Sub-Fund are no longer listed on the SEHK or any such other stock exchange from time to time determined by the Manager;
- (d) at any time in respect of a Sub-Fund with only Listed Class Units in issue, the relevant Sub-Fund ceases to have any Participating Dealer;
- (e) the Manager is unable to implement its investment strategy in respect of the relevant Sub-Fund; or
- (f) at any time in respect of a Sub-Fund with only Listed Class Units in issue, the relevant Sub-Fund

ceases to have any Market Maker.

Further, the Unitholders may at any time authorise termination of the Trust or the relevant Sub-Fund or the relevant Class by extraordinary resolution.

Prior notice of the termination of the Trust or a Sub-Fund of no less than one month will be given to the Unitholders after the SFC has approved the notice. The notice will contain the reasons for the termination, the relevant provisions under the Trust Deed that enable such termination, the consequences to Unitholders of terminating the Trust or the Sub-Fund and their effects on existing Unitholders, the alternatives available to Unitholders, the estimated costs of the termination and who is expected to bear 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.

Investors should note that, due to the nature of the listing of the Listed Class Units on the SEHK, the termination procedures applicable to Listed Class Units and Unlisted Class Units of the same Sub-Fund may differ. In the event of termination of the Trust, a Sub-Fund or a particular Class of Units, Unitholders will be notified of the relevant termination procedures applicable to its holding of the relevant Class of Units.

### **Distribution Policy**

The Manager will adopt a distribution policy for each Sub-Fund as the Manager considers appropriate having regard to the Sub-Fund's net income, fees and costs.

The distribution policy for each Sub-Fund (including the currency of such distribution) will be set out in the relevant Appendix. The composition of the latest distributions of each Sub-Fund, i.e. the percentages of distribution being made out of income or capital, for the last 12 months will be available from the Manager upon request and set out on the Manager's website <https://hk.taikangasset.cn/><sup>5</sup>. Distributions will always depend on payments on Securities held by the relevant Sub-Fund which will in turn depend on factors beyond the control of the Manager including, general economic conditions, and the financial position and distribution policies of the relevant underlying entities. There can be no assurance that such entities will declare or pay dividends or distributions.

### **Inspection of Documents**

Copies of the following documents (where applicable) in respect of each Sub-Fund are available for inspection free of charge during normal working hours at the offices of the Manager and copies thereof may be obtained from the Manager upon payment of a reasonable fee:

- (a) Trust Deed, and any supplemental deeds;
- (b) Service Agreement(s);
- (c) Conversion Agency Agreement(s);
- (d) Participation Agreement(s); and
- (e) The most recent annual reports of the Trust and each Sub-Fund (if any) and the most recent unaudited interim reports of the Trust and each 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.

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<sup>5</sup> This website has not been reviewed by the SFC.

## **Anti-money Laundering Regulations**

As part of the Manager's, the Trustee's, the Registrar'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 Registrar, each Sub-Fund or the relevant Participating Dealer is subject, the Manager, the Trustee, the Registrar 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 at any time as they think appropriate. Depending on the circumstances of each application, a detailed verification might not be required where:-

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

These exceptions will only apply if the financial institution or intermediary referred to above is within a country recognised as having sufficient anti-money laundering regulations.

Delay or failure to provide with the required documents may result in delay or refusal of application or withholding of redemption proceeds. For the purpose of anti-money laundering and/or counter-terrorist financing, the Manager may compulsorily redeem the Units held by any Unitholder.

The Manager may, to the extent permitted by law, share, for the purposes of combating money laundering and terrorist financing, the information in connection with the Unitholders with its affiliates.

## **Certification for Compliance with FATCA or Other Applicable Laws**

Each Unitholder (i) will be required to, upon demand by the Trustee or the Manager, provide any form, certification or other information reasonably requested by and acceptable to the Trustee or the Manager that is necessary for the Trust or a Sub-Fund (a) to prevent withholding (including, without limitation, any withholding taxes required under FATCA) or qualify for a reduced rate of withholding or backup withholding in any jurisdiction from or through which the Trust or a Sub-Fund receives payments and/or (b) to satisfy reporting or other obligations under IRS Code and the United States Treasury Regulations promulgated under the IRS Code, or to satisfy any obligations relating to any applicable law, regulation or any agreement with any tax or fiscal authority in any jurisdiction (ii) will update or replace such form, certification or other information in accordance with its terms or subsequent amendments or when such form, certificate or other information is no longer accurate, and (iii) will otherwise comply with any reporting obligations imposed by the United States, Hong Kong or any other jurisdiction (including any law, rule and requirement relating to AEOI (as defined below)) and reporting obligations that may be imposed by future legislation.

## **Power to Disclose Information to Authorities**

Subject to applicable laws and regulations in Hong Kong, the Manager, the Trustee or any of their authorised person (as permissible under applicable law or regulation) may be required to report or disclose to any government agency, regulatory authority or tax or fiscal authority in any jurisdictions (including but not limited to the IRS and the IRD (as defined below)), certain information in relation to a Unitholder, including but not limited to the Unitholder's name, address, jurisdiction of birth, tax residence, tax identification number (if any), social security number (if any) and certain information relating to the Unitholder's holdings, account balance/value, and income or sale or redemption proceeds, to enable the Sub-Fund to comply with any applicable law or regulation or any agreement with a tax authority (including, but not limited to, any applicable law (including any law, rule and requirement relating to AEOI), regulation or agreement under FATCA).

## **Liquidity Risk Management**

### *Liquidity Risk Management Tools and Impact on the Trust and Investors*

The liquidity risk management program would include multiple elements, including:

- Classification of the liquidity of fund portfolio assets;
- Assessment, periodic review and management of a Sub-Fund's liquidity risk;

- Establishment of minimum liquid asset level;
- The risk management committee approval and review;
- Redemption delay/ limit;
- Borrowing limit;
- Suspension of redemption;
- Stress testing.
- Assessment of liquidity profiles of a Sub-Fund's liabilities; and
- Adjustments on the Redemption Price and Subscription Price (applicable to Unlisted Class Units).

*Classification of the Liquidity of Sub-Fund Portfolio Assets:* Each Sub-Fund would be required to classify and engage in an ongoing review of each of the assets in its portfolio. The classification would be based on the number of days in which the Sub-Fund's position would be convertible to cash at a price that does not materially affect the value of that asset immediately prior to sale. Sub-Funds would be required to classify each asset position or portion of a position into various liquidity categories that would be convertible to cash within a certain number of days.

*Assessment, Periodic Review and Management of a Sub-Fund's Liquidity Risk:* Sub-Funds would be required to assess and periodically review their liquidity risk, based on specified factors. Liquidity risk would be defined as the risk that a Sub-Fund could not meet redemption requests that are expected under normal conditions or under stressed conditions, without materially affecting the Sub-Fund's Net Asset Value per Unit. In this respect, the Manager will consider the liquidity requirements of the Sub-Funds and perform ongoing liquidity risk assessment through quantitative and qualitative evaluations (e.g. considering the Sub-Funds' dealing arrangements, investment strategy, underlying assets' liquidity profile, time to maturity and time of issuance, bid-ask spreads, transaction costs, and historical subscription and redemption patterns). These measures seek to ensure fair treatment and transparency for all investors. The Manager should also regularly assess the liquidity profiles of the assets of a Sub-Fund, taking into account the characteristics of the assets and their markets, and determine reasonable and appropriate metrics and other factors to assess liquidity and categorise assets of each Sub-Fund. Regular risk assessment reports will be prepared and made available for the Manager to monitor and assess liquidity risk of each Sub-Fund on a timely basis. The data source and formulae used for generating the risk management reports would also be monitored and reviewed on a regular basis to ensure the accuracy of the reports.

*Determination of Minimum Liquid Asset Level:* A Sub-Fund would be required to determine a minimum percentage of its net assets that must be invested in cash and assets that are convertible to cash within a pre-defined number of business days at a price that does not materially affect the value of the assets immediately prior to sale.

*Risk Management Committee Approval and Review:* The Manager's risk management committee would be required to approve the Trust's liquidity risk management program, including each Sub-Fund's minimum liquid asset level. The risk management committee also would be responsible for reviewing a written report that reviews the program's adequacy, provided at least annually from the Trust's investment delegate or officer administering the program.

*Redemption Delay/Limit:* Sub-Funds would implement and maintain appropriate practice to delay and/or limit redemptions to allow them to be proceeded in an orderly manner, such as imposing redemption gates of up to 10% (or such higher percentage as the Manager may determine in respect of the Sub-Fund(s) as accepted by the SFC) of the total Net Asset Value or the total number of Units in a Sub-Fund then in issue.

*Borrowing Limit:* Sub-funds would ensure that borrowing for the account of a Sub-Fund an amount not exceeding 10% of the value of the Net Asset Value of the Sub-Fund on any Dealing Day for the purposes of paying redemption proceeds on a redemption of Units.

*Suspension of Redemption:* Sub-Funds would suspend the redemption of Units of the Sub-Funds, after giving

prior written notice to the Trustee in consultation with the Trustee having regard to the best interests of the Unitholders, during any period in which the determination of the Net Asset Value of the Sub-Funds is suspended.

*Stress testing:* Stress testing is a key risk management tool which allows the Manager to assess the impact of stressed situations on the liquidity of each Sub-Fund's assets and liabilities and take appropriate steps to respond to such situations. The Manager will conduct ongoing and regular stress tests to assess the impact of possible severe adverse changes in market conditions on the liquidity of each Sub-Fund. The stress testing scenarios will take into account and include (i) historical market conditions; (ii) all the instruments invested by the Sub-Funds; (iii) the liability profiles for the Sub-Funds (e.g. a rise in redemption, the historical redemption patterns or forward-looking hypothetical redemption scenarios); and (iv) an assessment of a combination of multiple stress factors (e.g. a simultaneous rise in redemption and fall in the liquidity of the underlying assets).

*Assessment of liquidity profiles of Sub-Funds' liabilities:* The Manager would assess the potential redemption requests of Unitholders and prepare for any potential delivery and payment obligations with reference to a Sub-Fund's profile and historical and expected redemption patterns and market trends. The Manager should take reasonable steps to: (i) understand the types of underlying investors for each Sub-Fund and historical and future redemption patterns associated with each type of investor; and (ii) consider the liquidity demands which each Sub-Fund will likely face, taking into account historical demands as well as reasonable and prudent estimates of expected demands.

*Adjustments on the Subscription Price and Redemption Price (applicable to Unlisted Class Units):* 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 Unlisted Class Units in determining the Subscription Price and Redemption Price of a relevant Dealing Day where the net subscription/redemption exceeds certain pre-determined threshold(s) so as to ensure that investors of the Unlisted Class Units will not be prejudiced in the event of a substantial net subscriptions or net redemptions. The Manager may, in addition to the Subscription Price and/or Redemption Price, 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. For further details, please refer the sub-section headed "**Pricing Adjustment Mechanism (Swing Pricing and Dilution Levy)**" under the section headed "**PROVISIONS RELATING TO THE OFFER, SUBSCRIPTION, SWITCHING AND REDEMPTION OF THE UNLISTED CLASS UNITS**" of this Prospectus.

#### *Reasons Why the Liquidity Risk Management Tools are Used*

Liquidity risk arises as a result of the mismatch between the liquidity profiles of the Trust's assets and the liabilities of the Trust. This is a key risk faced by funds and it is heightened during times of market stress or volatility. Effective liquidity risk management is important to maintain the robustness of funds and the integrity of the market.

Investors in funds expect to be able to redeem their investments in line with the commitments made in the fund prospectus – for the vast majority of open-ended funds this means daily dealing. Good liquidity risk management that ensures redemption requests can be met in varied market conditions is a key requirement in our rules relating to the operation of open-ended funds.

Managing liquidity has become more challenging for fund management companies since the financial crisis. The low interest rate environment has given rise to a widespread search for yield in fixed income securities. This has led to a greater proportion of lower-rated securities, which trade predominantly in over-the-counter (OTC) markets, and tend to offer only limited liquidity, being held in funds that offer frequent, often daily, dealing.

The Manager adopted the tools described above in reviewing and updating the liquidity management of the Trust in light of market conditions to ensure that its portfolios can continue to meet redemption obligations and other liabilities, and remain suitable for its investor base. The Manager has a team of independent risk management personnel responsible for monitoring the liquidity risk of the Sub-Funds so as to ensure adequate risk oversight and to maintain an adequate risk management governance structure.

#### *Impact of Liquidity Risk on the Sub-Funds and to Investors*

Please refer to the risk factor entitled “*Liquidity Risk*” in the section headed “**RISK FACTORS**” of this Prospectus.

#### **Index Licence Agreements (for Index Tracking Sub-Funds only)**

Please refer to the relevant Appendix for details in respect of the Index for each Index Tracking Sub-Fund.

#### **Material Changes to an Index (for Index Tracking Sub-Funds only)**

The SFC should be consulted on any events that may affect the acceptability of an Index. Significant events relating to an Index will be notified to the Unitholders of the relevant Sub-Fund 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 an Index (for Index Tracking Sub-Funds only)**

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

- (a) the relevant 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 and/or Futures Contracts 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;
- (h) a significant modification of the formula or calculation method of the Index rendering that index unacceptable in the opinion of the Manager; and
- (i) the instruments and techniques used for efficient portfolio management not being available.

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

#### **Information Available on the Internet**

The Manager will publish important news and information with respect to each Sub-Fund (including, for Index Tracking Sub-Funds, in respect of the relevant Index), in the English and Chinese languages (unless otherwise specified), on the following website <https://hk.taikangasset.cn/> and, where applicable in respect of the Listed Class Units, HKEX’s website [www.hkex.com.hk](http://www.hkex.com.hk) (these websites have not been reviewed by the SFC) including:

- (a) this Prospectus and the KFS in respect of each Sub-Fund (as revised from time to time). Investors should note that where a Sub-Fund offers both Listed Class Units and Unlisted Class Units, a separate set of KFS will be available for each of the Listed Class Units and Unlisted Class Units of the same Sub-Fund;
- (b) the latest annual audited reports and unaudited interim reports (in English only);

- (c) any notices relating to material changes to any Sub-Fund which may have an impact on its investors such as material alterations or additions to this Prospectus and KFS of any Sub-Fund or any of the constitutive documents of the Trust and/or a Sub-Fund;
- (d) any public announcements made by the Manager in respect of any Sub-Fund, including information with regard to a Sub-Fund and (where applicable) the Sub-Fund's Index, the suspension of issue, creations and redemptions of Units, the suspension of the calculation of its Net Asset Value, changes in fees and charges and the suspension and resumption of trading in its Units;
- (e) (in respect of the Listed Class Units) the near real time indicative Net Asset Value per Unit of each Sub-Fund (updated every 15 seconds during SEHK trading hours throughout each Dealing Day) in the base currency of the Sub-Fund and in each trading currency;
- (f) the last Net Asset Value of each Sub-Fund in the base currency of the Sub-Fund and the last Net Asset Value per Unit of each class of each Sub-Fund in the class currency of the Sub-Fund and (in respect of the Listed Class Units) in each trading currency (updated on a daily basis on each Dealing Day);
- (g) the ongoing charges figure and past performance information of each Sub-Fund;
- (h) (in respect of Index Tracking Sub-Funds) the tracking difference and tracking error of each Sub-Fund;
- (i) the full holdings of each Sub-Fund (updated on a monthly basis within one month of the end of each month, unless otherwise specified in the relevant Appendix);
- (j) (in respect of the Listed Class Units) the latest list of the Participating Dealers and Market Makers; and
- (k) (if applicable) the composition of distributions (i.e. the relative amounts paid out of (i) net distributable income, and (ii) capital), if any, for a 12-month rolling period.

In respect of the Listed Class Units for Taikang Hong Kong USD Money Market ETF:

- The near real time indicative Net Asset Value per Unit in HKD is indicative and for reference only. The near real time indicative Net Asset Value per Unit in HKD is calculated using the near real-time indicative Net Asset Value per Unit in USD multiplied by a real-time HKD:USD foreign exchange rate provided by ICE Data Indices when the SEHK is opened for trading. 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 (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 is calculated using the last Net Asset Value per Unit in USD multiplied by an assumed foreign exchange rate using the HKD:USD exchange rate quoted by Bloomberg at 4:00 p.m. (Hong Kong time) as of the same dealing day when the SEHK is open for trading.

Where applicable, updates about the Index can be obtained through other financial data vendors. It is your own responsibility to obtain additional and the latest updated information about the Index (including without limitation, a description of the way in which the Index is calculated, any change in the composition of the Index, any change in the method for compiling and calculating the Index) via the Manager's website and the Index Provider's website (neither of which, nor any other website referred to in this Prospectus, has been reviewed by the SFC). Please refer to the sub-section headed "**Website Information**" below for the warning and the disclaimer regarding information contained in such website.

## Notices

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

### *Manager*

Taikang Asset Management (Hong Kong)  
Company Limited

### *Trustee*

CMB Wing Lung (Trustee) Limited  
6/F, CMB Wing Lung Bank Building



39/F Bank of China Tower  
1 Garden Road, Central  
Hong Kong

45 Des Voeux 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. Neither the Manager nor 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 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, the Trust's website <https://hk.taikangasset.cn/> (this website has not been reviewed by the SFC). 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 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 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. Investors should refer to additional summaries of applicable taxation, where appropriate, as set out in the Appendix relevant to a Sub-Fund.*

### **Taxation of the Trust and Sub-Funds**

#### *Profits Tax*

During such period as the Trust and each Sub-Fund are authorised as a collective investment scheme by the SFC under Section 104 of the SFO, pursuant to Section 26A of the Inland Revenue Ordinance of Hong Kong, profits of the Trust and each Sub-Fund are exempt from Hong Kong profits tax and any sums received or accrued to the Trust and Sub-Fund(s) (whether they are sourced from Hong Kong or not) will not be subject to Hong Kong profits tax.

#### *Stamp Duty*

The sale and purchase of “Hong Kong stocks” (as defined under the Stamp Duty Ordinance) by a Sub-Fund is generally subject to Hong Kong stamp duty at the current rate of 0.1% of the consideration amount or the fair market value (whichever is higher) of the Hong Kong stocks being sold or purchased. The purchaser and the seller will each be liable for the Hong Kong stamp duty upon such transfer and thus the total Hong Kong stamp duty payable for such transfer is 0.2%. In addition, a fixed duty of HK\$5 is currently payable on any instrument of transfer.

Pursuant to Section 19(1DA) and Part 2 of Schedule 10 of the Stamp Duty Ordinance of Hong Kong (the “Stamp Duty Ordinance”) and according to the Stamping Circular No.02/2019, each Sub-Fund is an “authorized open-ended collective investment scheme” as defined under the Stamp Duty Ordinance, and, provided that the value of the Hong Kong stock is proportionate to the value of the Unit, any Hong Kong stamp duty (i.e. fixed and ad valorem) on the delivery of Hong Kong stocks as consideration for the issue of Units, where permitted in respect of a Sub-Fund, will be exempt. Similarly, provided that the value of the Hong Kong stock is proportionate to the value of the Unit, Hong Kong stamp duty on the delivery of Hong Kong stocks as consideration for redemption of Units, where permitted in respect of a Sub-Fund, will also be exempt. The issue or redemption is considered to be proportionate if the value of the Hong Kong stock sold or purchased is equivalent to the asset value of the Sub-Fund which the issued or redeemed Unit represents as at the date of issue or redemption (as the case may be).

### **Taxation of the Unitholders**

#### *Profits Tax*

Where the Unitholders do not carry on a trade, profession or business in Hong Kong or the Units in a Sub-Fund are held by the Unitholders as capital assets for Hong Kong profits tax purposes, gains arising from the sale, disposal or redemption of the Units in the Sub-Fund should not be taxable for Hong Kong profits tax purposes. For Unitholders carrying on a trade, profession or business in Hong Kong, such gains may be subject to Hong Kong profits tax (which is currently charged at the rate of 16.5% in the case of corporations, and 15% in the case of unincorporated business; with the first HK\$2 million of assessable profits, subject to certain conditions being met, to be charged at 8.25% for corporations and 7.5% for unincorporated business) if the gains in question arise in or are derived from such trade, profession or business, are sourced in Hong Kong and are of a revenue nature. Unitholders should take advice from their own professional advisers as to their particular

tax position.

Distributions by the Trust/a Sub-Fund should generally not be subject to Hong Kong profits tax in the hands of the Unitholders (whether by way of withholding or otherwise) according to the practice of the Inland Revenue Department (“IRD”) of Hong Kong (as at the date of this Prospectus).

#### *Stamp Duty*

Hong Kong stamp duty is payable on the transfer of Hong Kong stock. “Hong Kong stock” is defined as “stock” the transfer of which is required to be registered in Hong Kong. The Units fall within the definition of “Hong Kong stock” in the Stamp Duty Ordinance.

#### *Hong Kong stamp duty in respect of Listed Class Units*

Generally, no Hong Kong stamp duty is payable by Unitholders on an issue or redemption of Listed Class Units.

Under the Stamp Duty (Amendment) Ordinance 2015, no stamp duty is payable in respect of any contract notes or instruments of transfer relating to transactions (sale or purchase) in the shares or units of an exchange traded fund (as defined in Part 1 of Schedule 8 of the Stamp Duty Ordinance) on the SEHK with effect from 13 February 2015. Accordingly transfers of Listed Class Units in any Sub-Fund (which is an exchange traded fund as defined in Part 1 of Schedule 8 of the Stamp Duty Ordinance) will not attract Hong Kong stamp duty and no Hong Kong stamp duty is payable by Unitholders.

#### *Hong Kong stamp duty in respect of Unlisted Class Units*

No Hong Kong stamp duty is generally payable by Unitholders where the sale or transfer of the Unlisted Class Units is effected by selling the relevant Units back to the Manager, who then either extinguishes the Unlisted Class Units or re-sells the Unlisted Class Units to another person within two months thereof. Other types of sales or purchases or transfers of Unlisted Class Units by Unitholders in a Sub-Fund should be liable to Hong Kong stamp duty at the current rate of 0.1% on the higher of the consideration amount or market value and where instrument of transfer (if any) is executed in relation to any such sales or purchases or transfers, Hong Kong stamp duty is payable at the fixed rate of HKD5 on each instrument of transfer (if any) executed.

The above information relating to taxation is based on the enacted laws and current practice of the IRD. It is not comprehensive and is subject to change. Unitholders should independently consult their own professional advisers on the possible taxation consequences of their subscribing for, buying, holding, transferring, selling, redeeming or otherwise disposing of the Units, in the context of their particular situations.

### **Hong Kong Requirements Regarding Tax Reporting**

The Inland Revenue (Amendment) (No.3) Ordinance (the “**Ordinance**”) and subsequent related legislation provide the framework for the implementation in Hong Kong of the Standard for Automatic Exchange of Financial Account Information (“**AEOI**”). The AEOI requires financial institutions (“**FIs**”) in Hong Kong to obtain information from the account holders, conduct due diligence on the account holders and file certain information relating to reportable account holders who are tax resident in “reportable jurisdictions” (as determined for AEOI purposes) (“**Reportable Accounts**”) with the IRD, which in turn will exchange the information with the jurisdiction(s) in which that reportable account holder is a tax resident. However, the Trust and/or its agents may adopt the wider approach in collecting residency information of account holders.

The Trust is a collective investment scheme within the definition set out in the SFO that is resident in Hong Kong, and is accordingly an investment entity with obligations to report as a financial institution in accordance with the Ordinance. This means that the Trust and/or its agents shall collect and provide to the IRD the required information relating to Unitholders and prospective investors.

The Ordinance as implemented by Hong Kong require the Trust and/or each Sub-Fund to, amongst other things: (i) register the Trust and/or each Sub-Fund as a “Reporting Financial Institution” with the IRD in the event that the Trust and/or each Sub-Fund commences to maintain Reportable Accounts; (ii) conduct due diligence on its accounts (i.e. Unitholders) to identify whether any such accounts are considered “Reportable Accounts” under the Ordinance; and (iii) report to the IRD the required information on such Reportable Accounts. The IRD is expected on an annual basis to transmit the required information reported to it to the government authorities of

the relevant jurisdictions. Broadly, AEOI contemplates 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 such jurisdictions. Under the Ordinance, details of Unitholders, including but not limited to their name, place of birth, address, tax residence, taxpayer identification number (if any), account number, account balance/value, and income or sale or redemption proceeds, may be reported to the IRD and subsequently exchanged with government authorities in the relevant jurisdictions.

By investing in a Sub-Fund and/or continuing to invest in a Sub-Fund, Unitholders acknowledge that they are required to enable the Trust and/or the Sub-Fund to comply with AEOI by providing the required information to the Trust, the Sub-Fund, the Managers and/or the agents of the Trust and/or the Sub-Fund in order to open an account. Moreover, Unitholders acknowledge that they may be required to provide additional information to the Trust, the Manager and/or the Trust's agents in order for the Trust to comply with the Ordinance. The Unitholder's information (and information on controlling person including beneficial owners, beneficiaries, direct or indirect shareholders or other persons associated with such Unitholders that are passive non-financial entities), may be transmitted by the IRD to authorities in other jurisdictions. The failure of a Unitholder to provide any requested information, may result in the Trust, the Manager and/or other agents of the Trust 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 AEOI on its current or proposed investment in the Sub-Fund(s).

### **Mainland China Taxation**

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

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

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

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

#### General Mainland China Taxation

##### *CIT*

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

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

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

An "establishment or place" is defined under Mainland China CIT law as an establishment or place in Mainland China engaging in production and business operations, including management and business organisations,

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

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

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

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

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

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

#### *VAT*

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

Foreign investors are subject to VAT at 6% which is applicable to general payers on the gains derived from trading financial products in Mainland China (including trading equity or equity-linked securities, etc.) and interest income from Mainland China, except where the prevailing regulations or laws explicitly stipulate that such income is VAT-exempt. According to Circular Caishui [2016] No. 36 ("Circular 36"), deposit interest income is not subject to VAT.

#### *SD*

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

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

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

##### *Interest*

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

##### *Capital gains*

Under the prevailing Mainland China tax regime, there are no specific rules or regulations governing the CIT/WHT treatment on the capital gains derived by foreign investors from trading Mainland China bonds. In

practice, Mainland China tax authorities have not taken active actions to collect CIT/WHT on the capital gains derived by foreign investors from trading Mainland China bonds.

According to the Operational Procedures for Overseas Institutional Investors to Enter China Interbank Bond Market prescribed by the PBOC, capital gains derived by foreign investors from trading the domestic bond instruments through Mainland inter-bank bond market is exempt from VAT. However, it is uncertain how long the exemption will last.

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

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

- QFI entrust Mainland China domestic companies to conduct securities trading in Mainland China; or
- Bond trading conducted by foreign institutions approved by the PBOC through China Interbank Bond Market.

#### Investment in New Assets Classes

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

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

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

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

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

## **SCHEDULE 1 – SUMMARY OF POLICY OF SECURITIES FINANCIAL TRANSACTIONS**

The summary of policy of securities financing transactions set out in this Schedule 1 is only applicable to a Sub-Fund which may engage in securities financing transactions.

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

### ***Securities financing transactions***

Under a securities lending transaction, a Sub-Fund lends its securities to a security-borrowing counterparty for an agreed fee subject to a commitment from that counterparty that it will return equivalent securities on a specified future date or when requested to do so by the relevant Sub-Fund. A Sub-Fund is expected to retain the rights of beneficial ownership as to the loaned securities, including voting rights and rights to interest or other distributions, and will generally have the right to regain record ownership of loaned securities to exercise such beneficial rights.

Under a sale and repurchase transaction, a Sub-Fund sells its securities to a counterparty of reverse repurchase transactions subject to an agreement to repurchase the securities at an agreed price with a financing cost on a specified future date. Where a Sub-Fund enters into a sale and repurchase transaction under which it sells securities to the counterparty, it will incur a financing cost from engaging in this transaction which will be paid to the relevant counterparty.

Under a reverse repurchase transaction, a Sub-Fund purchases securities from a counterparty of sale and repurchase transactions subject to an agreement to re-sell the relevant securities to the counterparty at an agreed price on a specified future date.

A Sub-Fund must have the right to terminate the securities financing transactions at any time and demand the return of all of the securities loaned or the full amount of cash (as the case may be).

### ***Revenues and Expenses***

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

Information on the revenues generated under such transactions shall be disclosed in the annual and interim financial reports of the relevant Sub-Fund as required under Appendix E of the Code, along with entities to whom direct and indirect operational costs and fees relating to such transactions are paid. These entities may include the Manager, any investment delegate or any other their Connected Persons.

### ***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 counterparty of securities financing transactions must be a substantial financial institution (as defined in the Code).

### ***Maximum and expected level of securities financing transactions***

The maximum and expected level of a Sub-Fund's assets available for securities financing transactions are set out in the Appendix of the relevant Sub-Fund.

### ***Types of assets that may be subject to securities financing transactions***

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

### ***Connected Person(s) arrangement***

Where any sale and repurchase transaction has been arranged through the Trustee or a Connected Person of the Trustee or the Manager, such transaction shall be conducted at arm's length and executed on the best available terms, and the relevant entity shall be entitled to retain for its own use and benefit any fee or commission it receives on a commercial basis in connection with such arrangement; such transactions with Connected Persons of the Trustee or the Manager (including the fee retained by the Trustee or the Manager or their Connected Persons) will be disclosed in the connected party transaction section of the relevant Sub-Fund's annual financial reports as required under Appendix E of the Code.

### ***Safekeeping arrangement***

#### ***Assets received***

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

#### ***Assets provided***

Assets (including any collateral) provided to a counterparty under a title-transfer arrangement shall no longer belong to the Sub-Fund. Assets (including any collateral) provided to a counterparty other than under a title-transfer arrangement shall be held by the Trustee or a Correspondent (which may include the counterparty to the relevant securities financing transaction). 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.



## **SCHEDULE 2 – SUMMARY OF COLLATERAL VALUATION AND MANAGEMENT POLICY**

The Manager employs a collateral management policy in relation to collateral received in respect of over-the-counter (“OTC”) FDI transactions and securities financing transactions entered into in respect of a Sub-Fund.

A Sub-Fund may receive collateral from a counterparty in order to reduce its counterparty risk exposure, subject to the investment restrictions and requirements applicable to securities financing transactions under sub-section headed “**Securities Financing Transactions**” and collateral under the section headed “Collateral” under the section headed “**INVESTMENT OBJECTIVE, STRATEGY AND RESTRICTIONS, SECURITIES LENDING AND BORROWING**” of the Prospectus.

### ***Nature and quality of the collateral***

A Sub-Fund may receive both cash and non-cash collateral from a counterparty. Cash collateral may include cash, cash equivalents and money market instruments. Non-cash collateral may comprise assets listed or traded in a regulated market, including government or corporate bonds whether investment grade/non-investment grade/unrated, long/short term bonds, listed or traded in any regulated markets.

### ***Criteria for selecting counterparties***

The Manager has counterparty selection policies and control measures to manage the credit risks of counterparties 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, minimum 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. In particular:

- The counterparty of securities financing transactions must be financial institutions which are subject to ongoing prudential regulation and supervision.
- The counterparties must be entities with legal personality typically located in Organisation for Economic Co-operation and Development (OECD) jurisdictions (but may also be located outside such jurisdictions), and be subject to ongoing supervision by a regulatory authority.
- The counterparty to a securities financing transaction and an OTC FDI transaction must have a minimum credit rating as determined by the Manager from time to time. The Manager will also monitor and conduct periodic review on the counterparties’ ability and strength in the specific market (e.g. by reference to the counterparties’ share capital).

### ***Valuation of collateral***

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

### ***Enforceability of collateral***

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

### ***Haircut policy***

A documented haircut policy is in place for detailing the policy in respect of each class of assets received by a Sub-Fund in order to reduce exposure to counterparties. A haircut is a discount applied to the value of a collateral asset to account for the fact that its valuation or liquidity profile, may deteriorate over time. The haircut policy applied to posted collateral will be negotiated on a counterparty basis and will vary depending on the class of asset received by the relevant Sub-Fund. Haircuts will be based on the market risks of the assets used

as collateral in order to cover potential maximum expected decline in collateral values during liquidation before a transaction can be closed out with due consideration on stress period and volatile markets. The haircut policy takes account of the price volatility of the asset used as collateral and other specific characteristics of the collateral, including, among others, asset types, issuer creditworthiness, residual maturity, price sensitivity, optionality, expected liquidity in stressed period, impact from foreign exchange, and correlation between securities accepted as collateral and the securities involved in the transactions.

#### ***Diversification and correlation of collateral***

Collateral must be sufficiently diversified. The exposures of a Sub-Fund to the collateral issuers are monitored in accordance with the relevant restrictions on exposure to a single entity and/or Entities within the Same Group as set out in the sub-section headed “**Investment Restrictions**” under the “**INVESTMENT OBJECTIVE, STRATEGY AND RESTRICTIONS, SECURITIES LENDING AND BORROWING**” of the Prospectus. Collateral received must be issued by an entity that is independent from the relevant counterparty.

The Manager will ensure the value of the collateral should not have any significant correlation with the creditworthiness of the counterparty, in such a way that would undermine the effectiveness of the collateral. As such securities issued by the counterparty, or any of their related entities should not be used as collaterals.

#### ***Cash collateral reinvestment policy***

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

Subject to the applicable restrictions in respect of collateral in the section headed “**Collateral**” under the “**INVESTMENT OBJECTIVE, STRATEGY AND RESTRICTIONS, SECURITIES LENDING AND BORROWING**” of the Prospectus, cash collateral received by a Sub-Fund may 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.

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

#### ***Safe-keeping of collateral***

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

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

### **SCHEDULE 3 – DEALING OF TOKENISED CLASS OF UNITS**

Where specified in the relevant Appendix, tokenised class of Units may be offered in the form of Class T Units.

Currently, all investors (including retail and institutional investors) can only subscribe or redeem Class T Units via Eligible Distributor(s). The Manager has appointed the Trustee as the Transfer Agent and Registrar of the tokenised class of Units of each of Taikang Hong Kong HKD Money Market ETF and Taikang Hong Kong USD Money Market ETF. Finloop Finance Technology Services Limited (“**Tokenisation Provider**”) has been appointed as the tokenisation provider for certain Sub-Funds to provide facilities to enable the tokenisation of classes of Units of the relevant Sub-Funds. The Tokenisation Provider has adopted distributed ledger technology (consisting of Ethereum smart contracts as the primary blockchain (the “**Blockchain Network**”)) to create a digital platform (“**Digital Platform**”) on which:

- (i) direct Unitholders’ (including Eligible Distributor(s) that may act as nominees of end investors) ownership of Class T Units will be recorded and represented in the form of digital tokens (“**Tokens**”) on the Blockchain Network, whereby one Token represents one tokenised Class T Unit in the off-chain register; and
- (ii) transaction data relating to the subscription and redemption of Class T Units (e.g. subscription and/or redemption amount and Units, and payment records of subscription amount etc.) will be provided by the Tokenisation Provider for reconciliation to be conducted by the Trustee.

Finloop Finance Technology Services Limited, a subsidiary of Fosun International Limited (a company listed on the SEHK), together with its affiliates Finloop Financial Technology Holding Limited and Finloop Finance Limited (collectively referred to as “Finloop”), operates an AI-driven institutional wealth management platform. Finloop has been designated as a strategic enterprise by the Office for Attracting Strategic Enterprises (OASES) of the Hong Kong SAR Government. Headquartered in Hong Kong, Finloop provides technology solutions and a comprehensive range of wealth management products to financial institutions and participates in initiatives such as Cross-boundary Wealth Management Connect.

For the avoidance of doubt, Class T Units are created in the same manner as Units of other classes of a Sub-Fund and, save as otherwise provided herein, a tokenised Unit shall have exactly the same rights as a non-tokenised Unit.

Currently, investors may only subscribe for, or redeem, Class T Units in the form of Tokens via Eligible Distributor(s). Eligible Distributor(s) will act as nominees of the relevant end investors in respect of the relevant Class T Units. To this extent, the blockchains utilised by the Digital Platform serve as ledgers recording the unit ownership of Eligible Distributor(s) who pool the assets of end investors to invest in the Class T Units. Ownership of tokenised Units by the end investors is recorded on the off-chain register in a book-entry form owned and maintained by each respective Eligible Distributor.

Once minted, the Tokens are held in the custody of the Token Custodian in the Eligible Distributor(s)’ digital wallets to receive, hold and manage relevant entitlements with respect to Tokens (“**Digital Wallets**”) on behalf of their end investors, who will receive the corresponding updated information through the nominee account with the Eligible Distributor(s). The Eligible Distributor(s) will also communicate such information to the relevant end investors in the manner as agreed between the end-investors and their Eligible Distributor(s), which will be reflected in their trading and custody account with their Eligible Distributor(s).

Eligible Distributor(s) may operate and maintain application programmes, platforms or systems which are separate from, but compatible with the Digital Platform. End investors may subscribe or redeem Class T Units in the form of Tokens through such application programmes, platforms or systems operated by the Eligible Distributor(s).

Notwithstanding outsourcing to the Transfer Agent and Registrar and Tokenisation Provider, the Manager, as the manager of the Fund and its Sub-Funds, remains ultimately responsible for the management and operational soundness of the tokenisation arrangement adopted and the record keeping of ownership. The Manager will ensure that proper records of Token holders’ ownership of Class T Units in the Sub-Funds are maintained and the tokenisation arrangement is operationally compatible with the service providers involved.

#### **Use of Blockchain**

The tokenisation process described in the preceding section involves the use of blockchain technology. A blockchain is a distributed ledger that records transactions between two parties that are linked with the use of cryptography. Each entry to the blockchain representing a transaction is called a “block” and each block contains information of the previous block, thereby linking the blocks together forming a “chain”. Transactions on the blockchain are verified and authenticated by computers on the network that receive, propagate, verify and execute transactions. Consequently, blockchain transactions are irreversible in that any given block cannot

be altered retroactively without altering all subsequent blocks. The use of blockchain technology for record keeping of, and facilitation of dealing in, investment funds is relatively novel and still evolving.

The Transfer Agent and Registrar maintains the official record of direct ownership of Class T Units through an integrated recordkeeping system with records in book-entry form (i.e. the off-chain register of direct Unitholders, including Eligible Distributor(s) that may act as nominees of end investors) at the Sub-Fund-level. The Tokenisation Provider maintains digital representations of the Class T Units on the relevant blockchain on the Digital Platform to the distributor-level which also act as a backup record. Each Eligible Distributor owns and maintains for its end investors (i) the off-chain record of its ownership of Class T Units and (ii) its transaction records relating to subscriptions and redemptions, by which the Manager, the Transfer Agent and Registrar or the Tokenisation Provider may have no visibility.

The Digital Platform is a permissioned system built on the Ethereum blockchain, which is a public permissionless blockchain. On the Digital Platform, the recording of Unit ownership in the form of Tokens is under the control of the Tokenisation Provider, who shall act in accordance with the instructions of the Trustee (acting as the Transfer Agent and Registrar). This is in contrast to conventional permissionless systems which lack access controls and other restrictions and whereby digital assets are issued in a decentralised manner under no one entity's control. To create and maintain the Digital Platform on public blockchains, the Tokenisation Provider implements smart contracts with approval and "whitelisting" features. Tokens are permissioned tokens which can only be minted or burnt by the Tokenisation Provider upon the instructions of the Trustee (acting as the Transfer Agent and Registrar) and approval by the Manager. The Tokenisation Provider registers and associates each blockchain wallet with relevant personal identifying information which is maintained in an off-chain database (i.e., a separate database that is not available to the public and is used to satisfy relevant laws and regulations). Permission is granted only to registered wallets, sometimes referred to as "whitelisting", thereby restricting the ability to transact in Class T Units and Tokens to preapproved participants. Smart contracts are deployed as part of the operational framework to enforce compliance with the Tokenisation Provider's policies and procedures. Please refer to the section headed "**Restrictions and controls on Dealing in Tokenised Units on Primary Market**" below for further details. In this manner, the Digital Platform, with additional and proper controls, prevents transactions between unknown persons or unknown blockchain wallets, even though blockchain infrastructure itself remains permissionless.

Notwithstanding the use of distributed ledger technology (in that the transaction data of Class T Units (as represented by the Tokens) are recorded on-chain), the settlement finality (i.e. the point where a transaction is considered as finally settled) is off-chain in that, cash settlement for the subscription of Class T Units is performed off-chain, and Class T Units are issued in registered form, recorded in the Register of Unitholders maintained by the Trustee (acting as the Transfer Agent and Registrar) off-chain, which constitute the official record of direct ownership of Class T Units. The record of direct ownership of Class T Units is under the full and complete control of the Trustee (acting as the Transfer Agent and Registrar).

The Trustee (acting as the Transfer Agent and Registrar) will reconcile book-entry and blockchain transactions on at least a daily basis. Reconciliation involves maintaining a matching book-entry register of direct Unitholders (i.e., of number of Class T Units) and record of Tokens representing Class T Units on the Blockchain Network (i.e., of number of Tokens) regarding tokenised Units in circulation, and the ownership of the Class T Units by direct Unitholders and Tokens at any given times. Where discrepancy exists between the register of direct Unitholders and the record on the Blockchain Network, reference will be made to the records in the former for any changes to the record on Blockchain Network. Records of the reconciliation showing the number of Tokens being held by each whitelisting address as are prepared by the Trustee (acting as the Transfer Agent and Registrar) based on the book-entry register of direct Unitholders. For the purpose of Class T Units, the record of the register of direct Unitholders is final and conclusive.

The Tokenisation Provider, after consultation with the Manager and the Trustee (acting as the Transfer Agent and Registrar), maintains controls to correct errors or unauthorised transactions on the Blockchain Network by adding additional instructions to rectify the error or unauthorised transaction (i.e. the prior transaction on the blockchain would not be deleted, although the blockchain would be appended with the correct transactional history). The recording of Unit ownership in the form of Tokens will not affect a Sub-Fund's investments.

A blockchain network may experience a "fork" (i.e., "split") of the network, which would result in the existence of two or more versions of the blockchain network running in parallel, but with each version's native asset lacking interchangeability, potentially competing with each other for users and other participants. Where a fork occurs in one of the blockchain networks used by the Digital Platform, the Manager, in consultation with the Trustee and the Tokenisation Provider, will act in the best interest of investors and have the sole discretion to determine which of the resulting blockchain networks will continue to be used and which will be discontinued.

Investors in Class T Units must have an Investment Account (as defined below) with their Eligible Distributor(s).

Fees and expenses associated with the ongoing costs of tokenisation, including gas fees for validation of a transaction of the blockchain, minting or burning tokens and offering of Class T Units on virtual asset trading platform(s) and the use of blockchain technology (including payments in the form of the native digital asset of any blockchain(s)), (collectively referred to as “**Tokenisation Fee**”), are included in the Management Fee of Class T Units. For further information on the fees and expenses associated with the tokenisation and offering of tokenised Units, please refer to the Appendix of the relevant Sub-Fund.

## Review and Audit

The Manager and the Trustee (acting as the Transfer Agent and Registrar) will conduct yearly performance review and due diligence refresh on the Tokenisation Provider to monitor the measures it has put in place to manage and mitigate cybersecurity risks, data privacy, system outages and recovery. The Tokenisation Provider has also engaged third parties to perform smart contract audits to ensure the highest standards of cybersecurity robustness prior to the launch of the Class T Units. Smart contract audits will take place upon every major release or change on the Digital Platform.

## Business Continuity Plans

The following business continuity arrangements and measures have been put in place in respect of the distributed ledger technology-related events:

- In case of incidents affecting the Token Custodian, all private keys for Digital Wallets are backed-up in an air-gapped hardware device which is disconnected from the Internet and any form of wireless communication, allowing for restoration of Digital Wallets.
- In case of discrepancies between on-chain and off-chain registers, the off-chain register shall prevail. The Tokenisation Provider will rectify the on-chain register to align with the off-chain register by adding additional instructions to rectify any errors or unauthorized transactions after consultation with the Manager and the Trustee (acting as the Transfer Agent and Registrar).
- In case of denial of service (“**DDOS**”, i.e. a situation where a system, network, or service is unavailable to its intended users due to an attack or disruption) cyberattacks or data centre failure. To address disruption of services due to system outage, database backups are conducted by the Tokenisation Provider daily. The IT systems of the Tokenisation Provider are also equipped with redundant server services, 24/7 resource monitoring, region-based cloud backups, web firewall, DDOS protection, host intrusion detection, environment isolation to protect against unauthorised access and restriction on external access to ports.
- All critical on-chain and off-chain data associated with the relevant Sub-Fund(s) will be securely backed up. It includes maintaining a comprehensive and regularly updated record of transaction history (on a daily basis), token ownership, and other vital information to preserve the continuity of operations.

In case the existing Tokenisation Provider ceases to or is no longer able to provide the tokenisation service, the Manager, in consultation with the Trustee (acting as the Transfer Agent and Registrar), will appoint as soon as possible another service provider who is assessed to be eligible and has capability to support fund tokenisation on-chain infrastructure. If replacement is decided and to be implemented, the Manager and the Trustee (acting as the Transfer Agent and Registrar) will discuss with the existing Tokenisation Provider with an aim to design tokenised fund infrastructure with interoperability to ensure tokenised assets, smart contracts, and associated data can be migrated to an alternative provider with minimal disruption. All critical on-chain and off-chain data associated with the relevant Sub-Fund will be securely backed up. It includes maintaining a comprehensive and regularly updated record of transaction history (on a daily basis), Token ownership, and other vital information to preserve the continuity of operations.

## Subscription of Class T Units

Investors can subscribe Class T Units in the form of Tokens by submitting an application for subscription via Eligible Distributor(s) (e.g. through an Eligible Distributor’s web portal or application programming interface or other means as the case may be). In doing so, investors of Tokens will need to open an investment account (“**Investment Account**”) with their Eligible Distributor(s) in which the record of Tokens beneficially owned by such investors will be reflected. The Eligible Distributor(s) will:

- (a) hold appropriate Digital Wallets with the Token Custodian to receive, hold, and manage relevant entitlements with respect to Tokens as a nominee for its end investors; and
- (b) hold a fiat currency settlement account for its end investors to house, remit and receive (as applicable) the subscription moneys and redemption proceeds in respect of the Tokens (“**Settlement Accounts**”).

Investors can subscribe Class T Units in the form of Tokens on each Dealing Day at the Issue Price on that Dealing Day. The Net Asset Value per Unit of a Sub-Fund will be published daily in Hong Kong on the company website of the Manager and the Eligible Distributor(s)' digital platform. The prices will be expressed exclusive of any subscription fee which may be payable on subscription.

Applications for subscription of Class T Units must be forwarded to, and received by, the Transfer Agent and Registrar (via an Eligible Distributor(s)) by no later than the Dealing Deadline. Applicants should confirm the relevant cut-off times with their Eligible Distributor(s). Applications received after such time will be deemed to have been received on the next Dealing Day and will be dealt with accordingly.

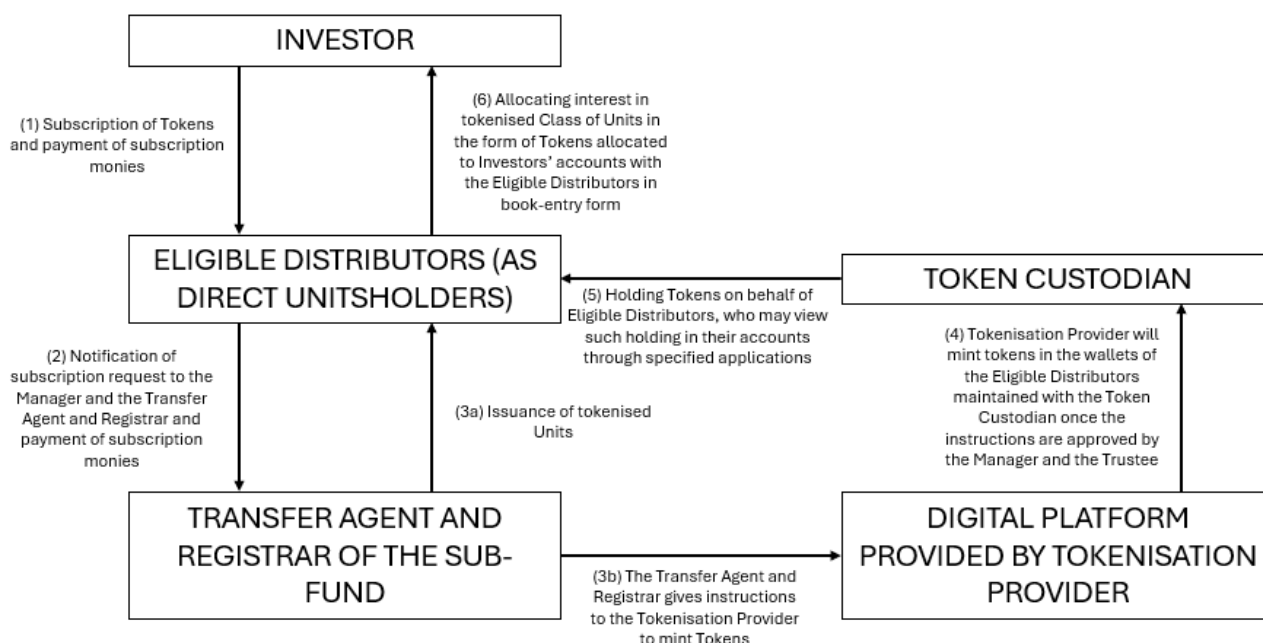
Payment of subscription monies should be made through end investors' Investment Accounts opened with the Eligible Distributor(s). The subscription amount payable for the tokenised Units subscribed by an applicant shall be received (via the Eligible Distributor(s)) in accordance with the timeline specified for non-tokenised classes in the relevant Appendix.

Upon confirmation of subscription acceptance, the Transfer Agent and Registrar will instruct the Tokenisation Provider to mint Tokens representing the subscribed Class T Units. The Tokenisation Provider will mint the Tokens upon the Manager and the Trustee's approval of the instructions from the Transfer Agent and Registrar. The Token(s) will be minted directly in the Eligible Distributor(s)' Digital Wallet.

A confirmation of the acceptance of subscription will be available on the Digital Platform (which can be viewed by the Eligible Distributor(s) through a specified application or other means as the case may be) no later than two Business Days after the relevant Dealing Day, and as to whether the applicant's application for tokenised Unit has been successful, either in whole or in part.

Unless otherwise more specifically provided herein, the procedures regarding the subscription of Units described under the section headed "**PURCHASE OF UNITS**" in the Prospectus will apply to the subscription of Class T Units.

The following illustrates the process of subscription of Class T Units and minting of corresponding Tokens.



### Redemption of Class T Units

Investors can redeem Class T Units in the form of Tokens by submitting a redemption request via their respective Eligible Distributor(s) (e.g. through an Eligible Distributor's web portal or application programming interface or other means as the case may be) which is holding the relevant Tokens as nominee on behalf of such investors within the relevant Digital Wallets.

For any redemption to be dealt with on a particular Dealing Day, redemption requests of Class T Units must be forwarded to, and received by, the Transfer Agent and Registrar (via Eligible Distributor(s)) by no later than the relevant Dealing Deadline. Investors should confirm the relevant cut-off times with their Eligible Distributor(s). Redemption requests received after such time will be deemed to have been received on the next Dealing Day and will be dealt with accordingly.

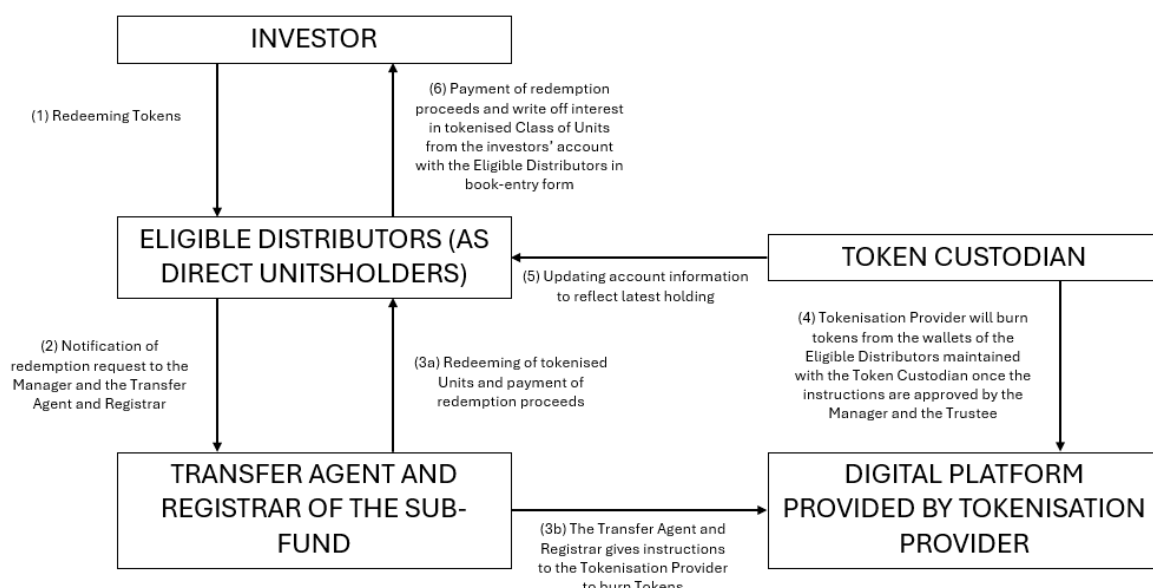
Upon confirmation of the redemption, the Transfer Agent will give instructions for the Tokens representing the number of Class T Units redeemed by the investor to be removed from the Eligible Distributor(s)' Digital Wallet and burnt. The Tokenisation Provider will remove and burn the relevant Tokens representing the redeemed Class T Units upon the Manager and the Trustee's approval of the instructions from the Transfer Agent and Registrar. The investor's interests in the tokenised Units will be removed accordingly.

A confirmation of the acceptance of redemption will be available on the Digital Platform (which can be viewed by the Eligible Distributor(s) through specified applications or other means as the case may be) no later than two Business Days after the relevant Dealing Day, and as to whether the applicant's application for redemption for tokenised Unit has been successful, either in whole or in part.

Then, the relevant redemption proceeds will be paid in the currency of the relevant Class T Units to the Eligible Distributor(s) (or their nominees)' account in accordance with the timeline specified for non-tokenised classes of Units in the relevant Appendix, after which the redemption proceeds will be transferred to the respective investors' Investment Accounts with their Eligible Distributor(s) after such Eligible Distributor(s) has received such redemption proceeds, subject to the transferal arrangement between the investor and their Eligible Distributor(s). Under extreme market conditions, payment of investors' redemption proceeds may be delayed, but in any event redemption proceeds will be paid within one calendar month from the day on which the Tokenisation Provider has received a properly documented redemption request.

Unless otherwise more specifically provided herein, the procedures regarding the redemption of Units described under the sub-section headed "**REDEMPTION OF UNITS**" in the Prospectus will apply to the redemption of Class T Units.

The following illustrates the process of redemption of tokenised Units and burning of corresponding Tokens.



### Switching of Class T Units

Switching of Class T Units in a Sub-Fund into Units of other classes in the Sub-Fund or another Sub-Fund of

the Fund, or vice versa, is not allowed.

### **Restrictions and controls on Dealing in Tokenised Units on Primary Market**

#### *Whitelisting*

Through the administration portal feature of the Digital Platform, the Tokenisation Provider can control the whitelisting status of direct Unitholders. Only direct Unitholders who have passed anti-money laundering and know-your-customer checks will be added to the whitelist and only direct Unitholders on the whitelist can receive Tokens.

#### *Approval process for minting and burning of Tokens*

In addition, all the transactions involving minting and burning Tokens must be initiated by the Tokenisation Provider based on the instructions provided by the Trustee (acting as the Transfer Agent and Registrar) as a result of subscription or redemption of Units and approved by the Manager and the Trustee respectively, ensuring that unauthorised transfers will not take place. In the event of loss or theft of Tokens, the lost or stolen Tokens of the investors can be fully recovered as the Manager (through the Tokenisation Provider) has control over the smart contract. The Transfer Agent and Registrar may also give further instructions to rectify any errors or incidents.

### **Restrictions on Trading of Tokenised Units on Secondary Markets and peer-to-peer transfer**

While Class T Units in the form of Tokens may potentially be offered on virtual asset trading platform(s) in the future, peer-to-peer trading or trading on any secondary markets it is currently not permitted.



## **PART 2 – SPECIFIC INFORMATION RELATING TO EACH SUB-FUND**

Part 2 of this Prospectus includes specific information relevant to each Sub-Fund established under the Trust. It is updated from time to time by the Manager. Information relating to each Sub-Fund is set out in a separate Appendix.

The information presented in each Appendix in this Part 2 should be read in conjunction with the information presented in Part 1 of this Prospectus. Where the information in any Appendix in this Part 2 conflicts with the information presented in Part 1, the information in the relevant Appendix in the Part 2 prevails. However, it is applicable to the specific Sub-Fund of the relevant Appendix only.

Defined terms used in each of the Appendices and which are not defined in this Part 2, bear the same meanings as in Part 1 of this Prospectus. References in each Appendix to “Sub-Fund” refer to the relevant Sub-Fund which is the subject of that Appendix. References in each relevant Appendix to “Index” refer to the relevant Index details of which are set out in that Appendix.

## **APPENDIX 1: Taikang Hong Kong USD Money Market ETF**

*This is an active exchange traded fund*

Investors should note that this Sub-Fund offers both Listed Class Units and Unlisted Class Units. For the Unlisted Class Units, the Sub-Fund offers both tokenised class(es) of Units and non-tokenised 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 this Sub-Fund which should be read together with the full text of this Appendix and this Prospectus.

*Key information applicable to both Listed Class Units and Unlisted Class Units*

|                            |   |
|----------------------------|---|
| <b>Investment Strategy</b> | Please refer to the section headed "Investment Strategy" below.   |
| <b>Base Currency</b>       | US dollars (USD)  |
| <b>Financial Year End</b>  | 31 December   |
| <b>Website</b>             | <a href="https://hk.taikangasset.cn/">https://hk.taikangasset.cn/</a> (this website has not been reviewed by the SFC) |

*Key information applicable to Listed Class Units only*

|   |   |
|---|---|
| <b>Initial Offer Period</b>   | 9:00 a.m. (Hong Kong time) on 26 January 2026 to 4:00 p.m. (Hong Kong time) on 26 January 2026, or such other date as may be agreed between the Manager and the Trustee |
| <b>Initial Issue Date</b>   | 28 January 2026   |
| <b>Listing Date (SEHK)</b>  | 29 January 2026   |
| <b>Issue Price during the Initial Offer Period</b>                      | USD1,000 per Unit   |
| <b>Exchange Listing</b>   | SEHK – Main Board   |
| <b>Stock Code</b>   | 3176 – HKD counter<br>9176 – USD counter  |
| <b>Stock Short Name</b>   | A TK USD MM – HKD counter<br>A TK USD MM-U – USD counter  |
| <b>Trading Board Lot Size</b>   | 1 Unit – HKD counter<br>1 Unit – USD counter  |
| <b>Trading Currency</b>   | Hong Kong dollars (HKD) – HKD counter<br>United States Dollars (USD) – USD counter  |
| <b>Creation / Redemption Policy</b>                                     | Cash (USD)  |
| <b>Application Unit Size (only by or through Participating Dealers)</b> | Minimum 100 Units (or multiples thereof)  |

|   |   |
|---|---|
| <b>Dealing Deadline</b>                       | 11:00 a.m. (Hong Kong time) on the relevant Dealing Day   |
| <b>Listing Agent</b>                          | Altus Capital Limited   |
| <b>Market Maker(s) (HKD and USD counters)</b> | Please refer to the Sub-Fund's website set out above for the latest list of Market Maker(s).  |
| <b>Participating Dealers</b>                  | Please refer to the Sub-Fund's website set out above for the latest list of Participating Dealers.  |
| <b>Service Agent and Conversion Agent</b>     | HK Conversion Agency Services Limited   |
| <b>Distribution Policy</b>                    | <p>Subject to the Manager's discretion, the Manager intends to pay distributions to Unitholders on monthly basis having regard to the Sub-Fund's net income after fees and costs. Distributions will only be paid out of net distributable income.</p> <p><b>All Units will receive distributions in the base currency (USD) only.</b> 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 distributions from USD into HKD or any other currency.</p> |

*Key information applicable to Unlisted Class Units only*

|  |  |
|--|--|
| <b>Unlisted Classes Offered</b>          | Class A – USD, Class B – USD, Class I – USD, Class T – USD and Class M – USD   |
| <b>Minimum Initial Investment Amount</b> | Class A – USD: USD100<br>Class B – USD: USD100<br>Class I – USD: USD100<br>Class T – USD: USD100<br>Class M – USD: USD10,000 |
| <b>Minimum Subsequent Investment</b>     | Class A – USD: USD100<br>Class B – USD: USD100<br>Class I – USD: USD100<br>Class T – USD: USD100<br>Class M – USD: USD10,000 |
| <b>Minimum Holding Amount</b>            | Class A – USD: USD100<br>Class B – USD: USD100<br>Class I – USD: USD100<br>Class T – USD: USD100<br>Class M – USD: USD10,000 |
| <b>Minimum Redemption Amount</b>         | Class A – USD: USD100<br>Class B – USD: USD100<br>Class I – USD: USD100<br>Class T – USD: USD100                             |

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|   |   |
|---|---|
|   | Class M – USD: USD10,000  |
| <b>Initial Offer Period</b>                               | 9:00 a.m. (Hong Kong time) on 26 January 2026 to 4:00 p.m. (Hong Kong time) on 28 January 2026, or such other date as may be agreed between the Manager and the Trustee |
| <b>Subscription Price during the Initial Offer Period</b> | USD100 or such other amount as the Manager determines prior to the commencement of the Initial Offer Period   |
| <b>Issue / Redemption Policy</b>                          | Cash (USD only)   |
| <b>Dealing Deadline</b>                                   | 11:00 a.m. (Hong Kong time) on the relevant Dealing Day   |
| <b>Distribution Policy</b>                                | No distributions will be made.  |

*Key similarities and differences between Listed Class Units and Unlisted Class Units*

|                             |   |
|-----------------------------|---|
| <b>Investment Objective</b> | Same for both Listed Class Units and Unlisted Class Units. Please refer to the sections below headed “ <b>Investment Objective</b> ” and “ <b>Investment Strategy</b> ”   |
| <b>Investment Strategy</b>  |   |
| <b>Valuation Policy</b>     | Same for both Listed Class Units and Unlisted Class Units. Please refer to the section headed “ <b>DETERMINATION OF NET ASSET VALUE</b> ” of the Prospectus.  |
| <b>Dealing Arrangements</b> | <p>There are some differences in certain dealing arrangements in respect of each of the Listed Class and Unlisted Class, including but not limited to different minimum amounts for creation/subscription and redemption of Units.</p> <p>Investors should note that the dealing frequency and the definition of “<b>Dealing Day</b>” in respect of Listed Class Units and Unlisted Class Units are the same. The applicable dealing procedures and timing with the relevant Participating Dealer (in the case of the Listed Class Units) and the distributor (if applicable, in the case of the Unlisted Class Units) may also be different. Investors should check with the relevant Participating Dealer or distributor for the applicable dealing procedures and timing.</p> <p><b>In respect of the Listed Class Units:</b></p> <ol style="list-style-type: none"> <li>1. the current Dealing Deadline in the primary market is 11:00 a.m. (Hong Kong time) for creation and redemption on the relevant Dealing Day, or such other time as the Manager may determine with the approval of the Trustee on any day when the trading hours of the SEHK are reduced or otherwise;</li> <li>2. a secondary market investor can buy and sell the Listed Class Units on the SEHK through his stockbroker at any time the SEHK is open. Investors can buy or sell the Listed Class Units at market price;</li> <li>3. the creation / subscription or redemption application for Listed Class Units received at or before the applicable Dealing Deadline referred above on a Dealing Day (“Day T”) will be processed at the Net Asset Value per Unit of Listed Class Units respectively of Day T; and</li> </ol> |

|                               |   |
|-------------------------------|---|
|                               | <p>4. the creation / subscription or redemption application for Listed Class Units received after the applicable Dealing Deadline referred above on Day T will be processed on the next Dealing Day (“Day T+1”) at the Net Asset Value per Unit of Listed Class Units respectively of Day T+1, unless otherwise determined by the Manager.</p> <p><b>In respect of the Unlisted Class:</b></p> <ol style="list-style-type: none"> <li>1. the Dealing Deadline is 11:00 a.m. (Hong Kong time) on each Dealing Day. Investors can buy or sell the Unlisted Class Units at the Net Asset Value of the relevant Unlisted Class. Applicants may apply for Unlisted Class 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 Unlisted Class Units through a distributor should therefore consult the distributor for details of the relevant dealing procedures;</li> <li>2. the subscription or redemption application for Unlisted Class Units received at or before 11:00 a.m. (Hong Kong time) on a Dealing Day (“Day T”) will be processed at the Net Asset Value per Unit of Unlisted Class Units respectively of Day T; and</li> <li>3. the subscription or redemption application for Unlisted Class Units received after 11:00 a.m. (Hong Kong time) on Day T will be processed on the next Dealing Day (“Day T+1”) at the Net Asset Value per Unit of Unlisted Class Units respectively of Day T+1, unless otherwise determined by the Manager.</li> </ol> <p>Please refer to the sections headed “<b>PROVISIONS RELATING TO THE OFFER, CREATION, REDEMPTION, LISTING AND TRADING OF THE LISTED CLASS UNITS</b>” and “<b>PROVISIONS RELATING TO THE OFFER, SUBSCRIPTION, SWITCHING AND REDEMPTION OF THE UNLISTED CLASS UNITS</b>” in the Prospectus for details of the dealing arrangements of Listed Class Units and Unlisted Class Units respectively.</p> |
| <p><b>Valuation Point</b></p> | <p><b>In respect of the Listed Class and the Unlisted Class:</b></p> <p>The valuation point is approximately 11:00 a.m. (Hong Kong time) on the applicable Dealing Day.</p>   |
| <p><b>Fee Structure</b></p>   | <p>Different for both Listed Class and Unlisted Classes.</p> <p>In respect of Listed Class Units: The current rate of Management Fee is 0.15% p.a. of the Sub-Fund’s Net Asset Value.</p> <p>In respect of Unlisted Class Units: The current rate of Management Fee is as follows (as a % of the Sub-Fund’s Net Asset Value):</p> <p>Class A - USD: 0.40% p.a.<br/> Class B - USD: 0.60% p.a.<br/> Class I – USD: 0.15% p.a.<br/> Class T – USD: 0.65% p.a.<br/> Class M: 0% p.a.</p>   |

|                                 |   |
|---------------------------------|---|
|                                 | <p>While the level of Trustee Fee and Custodian Fee is the same for both Listed Class and Unlisted Classes, an investment in the Listed Class 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, Conversion Agent's fee, transaction costs, brokerage fee, transaction levy, trading fee etc.).</p> <p>An investment in the Unlisted Class Units may be subject to the payment of Subscription Fee and Switching Fee, but not Redemption Fee.</p> <p>Please refer to the section headed "<b>FEES AND EXPENSES</b>" in the Prospectus and the section headed "<b>Fees and Expenses</b>" in this Appendix for further details.</p>  |
| <b>Net Asset Value per Unit</b> | <p>The Net Asset Value may be different in respect of each of the Listed Class and Unlisted Class due to various factors, including but not limited to the different fee structures applicable to each class of Units, and charges, stamp duty and so on. Accordingly, the performance of the different classes will be different.</p> <p>Further, Listed Class Units in the secondary market will be bought and sold at market price which may be different from the Net Asset Value per Unit of the Listed Class.</p> <p>There is a separate Net Asset Value for each class of Units. The Trustee does allow each class of Units to have its own Net Asset Value (i.e. one Net Asset Value for one class of Units).</p> <p>Please refer to the relevant risk factors in the KFS of the Listed Class and Unlisted Classes and the section headed "<b>RISK FACTORS</b>" in this Prospectus.</p> |
| <b>Termination</b>              | <p>Due to the nature of the listing of the Listed Class Units, the termination procedures applicable to the Listed Class Units and Unlisted Class Units may differ. Please refer to the sub-section headed "<b>Termination</b>" under the section headed "<b>STATUTORY AND GENERAL INFORMATION</b>" of this Prospectus for further details.</p>   |

*Key similarities and differences between tokenised class(es) of Units and non-tokenised class(es) of Units which are both Unlisted Class of Units*

|                             |   |
|-----------------------------|---|
| <b>Investment Objective</b> | <p>Same for both tokenised class(es) of Units and non-tokenised class(es) of Units. Please refer to the sections below headed "<b>Investment Objective</b>" and "<b>Investment Strategy</b>"</p>  |
| <b>Investment Strategy</b>  |   |
| <b>Valuation Policy</b>     | <p>Same for both tokenised class(es) of Units and non-tokenised class(es) of Units. Please refer to the section headed "<b>DETERMINATION OF NET ASSET VALUE</b>" of the Prospectus.</p>   |
| <b>Dealing Arrangements</b> | <p>Different dealing arrangements apply to tokenised class(es) of Units and non-tokenised class(es) of Units.</p> <p>Investors should note that the minimum amounts for subscription and redemption in respect of tokenised class(es) of Units and non-tokenised class(es) of Units may be different.</p> |

Investors should also note that while the dealing frequency, the definition of “**Dealing Day**” and the Dealing Deadlines for subscription and redemption in respect of tokenised class(es) of Units and non-tokenised class(es) of Units are the same, the applicable dealing procedures with the Eligible Distributor(s) (in the case of tokenised class(es) of Units) and the distributor (if applicable, in the case of non-tokenised class(es) of Units) may be different. Investors should check with the Eligible Distributor(s) or distributor for the applicable dealing procedures and timing.

**In respect of the tokenised class(es) of Units:**

1. the Dealing Deadline currently is 11:00 a.m. (Hong Kong time) on each Dealing Day. Investors may only subscribe for, or redeem, the tokenised class(es) of Units at the Net Asset Value in the form of Tokens via the Eligible Distributor(s);
2. Switching of a tokenised class of Units into Units of other classes in the Sub-Fund or another Sub-Fund of the Fund, or vice versa, is not allowed; and
3. the subscription application or redemption requests for tokenised class(es) of Units submitted after 11:00 a.m. (Hong Kong time) on a Dealing Day will be deemed to have been received on the next Dealing Day.

**In respect of the non-tokenised class(es) of Units:**

1. the Dealing Deadline is 11:00 a.m. (Hong Kong time) on each Dealing Day. Investors can buy or sell the non-tokenised class(es) of Units at the Net Asset Value of the relevant non-tokenised class(es) of Units. Applicants may apply for non-tokenised class(es) of 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 non-tokenised class(es) of Units through a distributor should therefore consult the distributor for details of the relevant dealing procedures;
2. the Manager may from time to time permit Unitholders to switch some or all of their Units of an non-tokenised class of Units of any Sub-Fund into the Units of an non-tokenised class of Units of the same Sub-Fund or another Sub-Fund, or non-tokenised class of shares, units or interests in other collective investment schemes managed by the Manager or its Connected Persons and which has been authorised by the SFC;
3. the subscription or redemption application for non-tokenised class(es) of Units received after 11:00 a.m. (Hong Kong time) on a Dealing Day T will be processed on the next Dealing Day (“Day T+1”) at the Net Asset Value per Unit of the relevant non-tokenised class(es) of Units respectively of Day T+1, unless otherwise determined by the Manager.

Please refer to the sections headed “**DEALING OF TOKENISED CLASS OF UNITS**” and “**PROVISIONS RELATING TO THE OFFER, SUBSCRIPTION, SWITCHING AND REDEMPTION OF THE UNLISTED CLASS UNITS**” in the Prospectus for details of the dealing

|                                 |  |
|---------------------------------|--|
|                                 | arrangements of tokenised class(es) of Units and non-tokenised class(es) of Units respectively.  |
| <b>Valuation Point</b>          | Same for both tokenised class(es) of Units and non-tokenised class(es) of Units – approximately 11:00 a.m. (Hong Kong time) on the applicable Dealing Day.   |
| <b>Fee Structure</b>            | <p>Different fees apply to the tokenised class(es) of Units and non-tokenised class(es) of Units.</p> <p>Both classes of Units are subject to Management Fee, Trustee Fee, Custodian Fee and may be subject to the payment of Subscription Fee, but not Redemption Fee.</p> <p>An investment in the tokenised class(es) of Units is subject to Tokenisation Fee (which is included in the Management Fee) but is not subject to Switching Fee.</p> <p>An investment in the non-tokenised class(es) of Units may be subject to the payment of Switching Fee (if applicable).</p> <p>Please refer to the section headed “<b>FEES AND EXPENSES</b>” in the Prospectus and the section headed “<b>Fees and Expenses</b>” in this Appendix for further details.</p>   |
| <b>Net Asset Value per Unit</b> | <p>Different in respect of each of the tokenised Class of Units and non-tokenised classes of Units due to various factors, including but not limited to the different fee structures applicable to each class of Units and different dealing arrangements. Accordingly, the performance of the different classes of Units will be different.</p> <p>There is a separate Net Asset Value for each class of Units.</p> <p>The Trustee does allow each class of Units to have its own Net Asset Value (i.e. one Net Asset Value for one class of Units).</p> <p>Please refer to the “Risk associated with differences in dealing and fee arrangements between tokenised class(es) of Units and non-tokenised class(es) of Units” risk factor under the section headed “<b>RISK FACTORS</b>” in this Prospectus.</p> |
| <b>Termination</b>              | Same for both tokenised class of Units and non-tokenised classes of Units. Please refer to the sub-section headed “ <b>Termination</b> ” under the section headed “ <b>STATUTORY AND GENERAL INFORMATION</b> ” of this Prospectus for further details.   |

### Investment Objective

The Sub-Fund’s objective is to invest in short-term deposits and high quality money market instruments. The Sub-Fund seeks to achieve a return in USD in line with prevailing money market rates.

### Investment Strategy

The Sub-Fund seeks to achieve its investment objective by investing primarily (i.e. not less than 70% of its Net Asset Value) in USD denominated and settled short-term deposits and high-quality money market instruments issued by governments, quasi-governments, international organisations, financial institutions and corporations.



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

In assessing whether a money market instrument is of high quality, at a minimum, the credit quality and the liquidity profile of the instrument must be taken into account. High quality money market instruments include fixed income securities (such as government bonds, and fixed and floating rate bonds), government bills, bankers' acceptance, commercial papers, certificates of deposits, short-term notes and commercial bills.

The Sub-Fund will only invest in fixed income securities rated investment grade or above. For the purposes of the Sub-Fund, investment grade is defined as below based on the original maturity of a fixed income security:

- A long-term fixed income security which (or if the security itself does not have a credit rating, the issuer or guarantor of which) is rated BBB- / Baa3 or above by an internationally recognised credit rating agency (such as Fitch's, Moody's and Standard & Poor's). For split credit ratings, the highest rating shall apply. For the avoidance of doubt, the Sub-Fund does not intend to invest in fixed income securities with a long term to maturity remaining at the time of investment. The long-term credit ratings will be considered where the Sub-Fund invests in fixed income securities which have been rated long-term credit ratings, but have a shorter term to maturity remaining (subject to the restrictions on remaining maturity, weighted average maturity and weighted average life of the portfolio of the Sub-Fund as set out below) at the time of purchase by the Sub-Fund; and
- A short-term fixed income security which (or if the security itself does not have a credit rating, the issuer or guarantor of which) is rated F3 / P-3 / A-3 or above by an internationally recognised credit rating agency (such as Fitch's, Moody's and Standard & Poor's). For split credit ratings, the highest rating shall apply.

In any event, the Sub-Fund will not invest in unrated or low-investment grade money market instruments (including fixed income securities).

While these credit ratings provided by the relevant rating agencies serve as a point of reference, the Manager will conduct its own assessment on the credit quality based on various factors. The assessment by the Manager involves both quantitative and qualitative analyses of an issuer's credit fundamentals. Quantitative financial factors that are assessed may include, the issuer's leverage, operating margin, return on capital, interest coverage and operating cash flows. Qualitative factors that will be assessed may include, industry outlook, the firm's competitive position, corporate governance, and other non-financial factors.

The Manager will assess the liquidity profile of instruments based on various factors, included but not limited to time to cash, liquidation horizon, price volatility, external liquidity classification, daily trading volume, yield volatility and bid-ask spread of such instruments. Only instruments with sufficient liquidity will be included in the portfolio of the Sub-Fund.

There is no specific geographical allocation of the country of issue of the Sub-Fund's investments.

The Sub-Fund will invest less than 30% of its NAV in short-term deposits issued in Mainland China.

The aggregate value of the Sub-Fund's holding of instruments and deposits issued by a single entity will not exceed 10% of the total Net Asset Value of the Sub-Fund except: (i) where the entity is a substantial financial institution (as defined in the Code) and the total amount does not exceed 10% of the entity's share capital and non-distributable capital reserves, the limit may be increased to 25%; or (ii) in the case of Government and other public securities (as defined in the Code), up to 30% may be invested in the same issue; or (iii) in respect of any deposit of less than USD1,000,000, where the Sub-Fund cannot otherwise diversify as a result of its size.

The Sub-Fund will maintain a portfolio with weighted average maturity not exceeding 60 days and a weighted average life not exceeding 120 days and must not purchase an instrument with a remaining maturity of more than 397 days, or two years in the case of Government and other public securities.

### **Other Investments**

The Sub-Fund may also invest not more than 10% of its NAV into money market funds that are authorised by the SFC or regulated in a manner generally comparable with the requirements of the SFC and acceptable to the SFC. The money market funds invested into by the Sub-Fund may be denominated in any currency.

The Sub-Fund will not invest in convertible bonds. It will not invest in instruments with loss-absorption features (i.e. instruments that may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s)).

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

For the avoidance of doubt, the Sub-Fund will not make any short sales.

#### ***Financial Derivative Instruments***

The Sub-Fund may invest in FDI for hedging purposes only but not for investment purposes. Any material currency risk from non-USD denominated investments will be appropriately hedged into USD.

#### ***Sale and Repurchase Transactions***

The Sub-Fund may enter into sale and repurchase transactions only on a temporary basis mainly for the purpose of meeting redemption requests. The maximum proportion and expected proportion of the Net Asset Value of the Sub-Fund that can be subject to sale and repurchase transactions, when aggregated with the Sub-Fund's borrowing, are 10% and 10% respectively. The actual proportion of the Net Asset Value engaged in such transactions may vary over time depending on various factors including, but not limited to, market conditions.

The Sub-Fund will not enter into securities lending and reverse repurchase transactions in respect of the Sub-Fund. 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 transactions and the Prospectus will also be updated accordingly.

It is the intention of the Manager to sell the securities for cash equal to the market value of the securities provided in a sale and repurchase transaction, where cash obtained will not be re-invested.

The Sub-fund will not receive any non-cash collateral. The Manager's policy in managing these transactions is disclosed in "SCHEDULE 1 - SUMMARY OF POLICY OF SECURITIES FINANCING TRANSACTIONS".

#### ***Risk Factors Specific to the Sub-Fund***

In addition to the risk factors presented in Part 1 of this Prospectus, the risk factors set forth below are also specific risks, in the opinion of the Manager, considered to be relevant and presently applicable to the Sub-Fund.

##### ***General investment risk***

The Sub-Fund's investment portfolio may fall in value due to any of the key risk factors below and therefore Unitholders' investment in the Sub-Fund may suffer losses. There is no guarantee of the repayment of principal. There is also no guarantee of regular dividend or distribution payments during the period investors hold Units of the Sub-Fund.

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

##### ***Active investment management risk***

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

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

### ***Risks relating to money market instruments/ fixed income securities***

#### *Short-term instruments risk*

As the Sub-Fund invests significantly in short-term instruments with short maturities, it means the turnover rates of the Sub-Fund's investments may be relatively high and the transaction costs incurred as a result of the purchase or sale of short-term instruments may also increase which in turn may have a negative impact on the Net Asset Value of the Sub-Fund.

#### *Credit / counterparty risk*

The Sub-Fund is exposed to the credit/default risk of issuers of the money market instruments and fixed income securities that it invests in. Such securities are typically unsecured debt obligations and are not supported by collateral. It 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 the fixed income securities only after all secured claims have been satisfied in full. The Sub-Fund is therefore fully exposed to the credit/default risk of its counterparties as an unsecured creditor.

The Sub-Fund is exposed to the risk that a counterparty in a transaction may default in its obligation to settle the transaction, or may be unable or unwilling to make timely payments on principal and/or interest. Where its counterparty does not perform its obligations under a transaction, the Sub-Fund may sustain substantial losses. The Sub-Fund may also encounter difficulties or delays in enforcing its rights against issuers incorporated outside Hong Kong and subject to foreign laws.

Please also refer to the risk factors headed "Credit/counterparty Risk" in the main part of the Prospectus.

#### *Interest rate risk*

Investment in the Sub-Fund is subject to interest rate risk. In general, the prices of fixed income securities rise when interest rates fall, whilst their prices fall when interest rates rise. Changes in monetary policies, such as interest rates policies, may have an adverse impact on the pricing of fixed income securities, and thus the return of the Sub-Fund.

#### *Downgrading risk*

The credit rating of a fixed income security or its issuer may be downgraded. In the event of such downgrading, the value of the Sub-Fund may be adversely affected. The Manager may or may not be able to dispose of the fixed income securities that are being downgraded. If the Sub-Fund continues to hold the relevant securities, it will be subject to additional risk of loss.

#### *Valuation risk*

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

The value of fixed income securities may be affected by changing market conditions or other significant market events affecting valuation. In adverse market conditions or where an adverse event happens to the issuer (e.g. credit rating downgrading), the value of lower rated securities may decline in value due to investors' perception over credit quality.

#### *Volatility and liquidity risk*

The fixed income securities in some of the markets that the Sub-Fund invests in (e.g. an emerging market)

may be subject to higher volatility and lower liquidity compared to more developed markets. The prices of securities traded in such markets may be subject to fluctuations. The price at which the fixed income securities are traded may be higher or lower than the initial subscription price due to many factors including the prevailing interest rates. The bid and offer spreads of the prices of such securities may be large and the Sub-Fund may incur significant trading costs.

There may not be an active secondary market for the fixed income securities the Sub-Fund invests in. The Sub-Fund is therefore subject to liquidity risks and may suffer losses in trading such instruments. Even if the fixed income securities are listed, the market for such securities may be inactive and the trading volume may be low. In the absence of an active secondary market, the Sub-Fund may need to hold the fixed income securities until their maturity date.

There is a risk that if the Sub-Fund is required to meet sizeable redemption requests, the Sub-Fund may need to liquidate its investments at a substantial discount in order to satisfy such requests and it may incur significant trading and realisation costs and suffer losses accordingly.

The offshore (that is, outside Mainland China) RMB denominated fixed income securities markets are at a developing stage and the trading volume may be lower than those of the more developed markets. Market volatility and potential lack of liquidity due to low trading volume in the RMB denominated fixed income securities market may result in prices of fixed income securities traded on such markets fluctuating significantly and may affect the volatility of the Sub-Fund's Net Asset Value.

For details in relation to the Trust's liquidity risk management process, please refer to the sub-section "**Liquidity Risk Management**" under the section headed "**STATUTORY AND GENERAL INFORMATION**" in the main part of the Prospectus.

#### *Sovereign/government debt risk*

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

#### *Credit rating risk*

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

Investors should note that even if a security may be assigned a certain credit rating at the time the Sub-Fund acquires the security, there is no assurance that (a) it will not be downgraded or (b) it will continue to be rated in future. The credit rating of a debt security is not the only selection criterion used by the Manager. Whilst the Manager may use credit ratings for reference in its investment process, it will primarily refer to its internal assessments to evaluate the credit quality of debt securities, for example, when it believes that the credit rating given by credit rating agencies does not adequately reflect the credit risks.

#### *Credit rating agency risk*

The Sub-Fund may invest in Mainland China onshore securities with credit ratings assigned by the Mainland China local credit rating agencies.

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

#### ***Risks associated with bank deposits***

Bank deposits are subject to the credit risks of the relevant financial institutions. The Sub-Fund's deposit may not be protected by any deposit protection schemes, or the value of the protection under the deposit protection schemes may not cover the full amount deposited by the Sub-Fund. Therefore, if the relevant

financial institution defaults, the Sub-Fund may suffer losses as a result.

### ***Currency and conversion risks***

#### ***Currency risk***

Underlying investments of the Sub-Fund may be denominated in currencies 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.

Please also refer to the risk factor headed "Currency Risk" in the main part of the Prospectus.

#### ***RMB currency and conversion risks***

The Sub-Fund may have exposure to investments denominated in RMB.

RMB is currently not freely convertible and is subject to exchange controls and restrictions. As RMB is not freely convertible, currency conversion is subject to availability of RMB at the relevant time. Any depreciation of the value of RMB could adversely affect the value of investors' investments in the Sub-Fund.

Please also refer to the risk factor headed "RMB Currency and Conversion Risks" in the main part of the Prospectus.

#### ***"Dim Sum" bond market risks***

The "Dim Sum" bond (i.e. bonds issued outside of Mainland China but denominated in RMB) market is still a relatively small market which is more susceptible to volatility and illiquidity. The operation of the "Dim Sum" bond market as well as new issuances could be disrupted causing a fall in the Net Asset Value of the Sub-Fund should there be any promulgation of new rules which limit or restrict the ability of issuers to raise RMB by way of bond issuances and/or reversal or suspension of the liberalisation of the offshore RMB (CNH) market by the relevant regulators.

#### ***Risks associated with CIBM / Bond Connect***

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

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

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

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

In such event, the Sub-Fund's ability to achieve its investment objective will be negatively affected.

Trading through Bond Connect is performed through newly developed trading platforms and operational systems. There is no assurance that such systems will function properly or will continue to be adapted to changes and developments in the market. In the event that the relevant systems fails to function properly, trading through Bond Connect may be disrupted. The Sub-Fund's ability to trade through Bond Connect (and

hence to pursue its investment strategy) may therefore be adversely affected. In addition, where the Sub-Fund invests in the CIBM through Bond Connect, it may be subject to risks of delays inherent in the order placing and/or settlement systems.

### ***Concentration risk***

The Sub-Fund's investments are concentrated in USD denominated deposits and money market instruments. The value of the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments.

Please also refer to the risk factor headed "Concentration Risk" in the main part of the Prospectus.

### ***Emerging market risk***

The Sub-Fund may invest in emerging markets which may involve increased risks and special considerations not typically associated with investment in more developed markets, such as liquidity risks, currency risks/control, political and economic uncertainties, legal and taxation risks, settlement risks, custody risk and the likelihood of a high degree of volatility.

Please also refer to the risk factor headed "Emerging Market Risk" in the main part of the Prospectus.

### ***Risks associated with securities financing transactions***

Where the Sub-Fund enters into a securities financing transaction, collateral may be received from or provided to the relevant counterparty. The Sub-Fund may be subject to operational, liquidity, counterparty, custody and legal risks.

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

In the event of the failure of the counterparty with which collateral has been placed, the Sub-Fund may suffer loss as there may be delays in recovering collateral placed out or the cash originally received may be less than the collateral placed with the counterparty due to inaccurate pricing of the collateral or market movements. In the event of the insolvency of the counterparty, the relevant Sub-Fund may become subject to the risk that it may not receive the return of its collateral or that the collateral may take some time to return if the collateral becomes available to the creditors of the relevant counterparty.

Under a sale and repurchase transaction, the Sub-Fund retains the economic risks and rewards of the securities which it has sold to the counterparty and therefore is exposed to market risk in the event that it must repurchase such securities from the counterparty at the pre-determined price if that predetermined price is higher than the value of the securities at the time of repurchase.

### ***Derivative instruments / hedging risk***

#### ***Risks associated with investment in FDI***

Risks associated with FDIs include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of an FDI can result in a loss significantly greater than the amount invested in the financial derivative instrument by the Sub-Fund. Exposure to FDI may lead to a high risk of significant loss by the Sub-Fund.

#### ***Hedging risk***

Insofar as the Sub-Fund acquires derivative instruments for hedging, it will be subject to additional risks. There can be no assurance that any hedging techniques will fully and effectively eliminate the risk exposure of the Sub-Fund.

Derivative instruments may be illiquid and are complex in nature. In adverse situations, the Sub-Fund's use of derivatives for hedging may become ineffective and the Sub-Fund may suffer significant losses. The price of a derivative instrument can be volatile which may result in losses in excess of the amount invested in the derivative instruments by the Sub-Fund. A derivative instrument is subject to the risk that the counterparty of

the instrument will not fulfil its obligations to the Sub-Fund, and this may result in losses to the Sub-Fund.

***Dual Counter risks (in the case of Listed Class Units only)***

There is a risk that the market price on the SEHK of Listed Class Units traded in one counter may deviate significantly from the market price on the SEHK of Listed Class Units traded in another counter due to market liquidity, supply and demand in each counter and the exchange rate fluctuations (in both the onshore and the offshore markets). The trading price of Listed Class Units in each counter is determined by market forces and so will not be the same as the trading price of Units multiplied by the prevailing rate of foreign exchange. Accordingly, when selling or buying Listed Class Units traded in one counter, an investor may receive less or pay more than the equivalent amount in the currency of another counter if the trade of the relevant Listed Class Units took place on another counter. There can be no assurance that the price of Listed Class Units in each counter will be equivalent. Investors who buy Units on the HKD counter may be subject to currency exchange risk as the assets of the Sub-Fund are primarily denominated in USD and the Net Asset Value of the Sub-Fund is calculated in USD. Investors 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 for conversion of such dividend from USD into HKD or any other currency.

***Trading differences risk (in the case of Listed Class Units only)***

As the markets in which the Sub-Fund invests may be open when Listed Class 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 Class Units. Differences in trading hours between 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 NAV.

***Risks associated with tokenised class(es) of Units***

Please refer to “**Risks Associated with Tokenised Class(es) of Units**” and “**Risk Associated with Differences in Dealing and Fee Arrangements between Tokenised Class(es) of Units and Non-tokenised Class(es) of Units**” under the section headed “**RISK FACTORS**” in the main part of the Prospectus for further details.

**The Offering Phases of the Listed Class Units**

*Initial Offer Period*

The Initial Offer Period for the Listed Class Units commences at 9:00 a.m. (Hong Kong time) on 26 January 2026 and ends at 4:00 p.m. (Hong Kong time) on 26 January 2026, or such other date as may be agreed between the Manager and the Trustee.

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

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 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 Units on their behalf.

***After Listing***

“**After Listing**” commences on the Listing Date.

Dealings in the Listed Class Units on the SEHK will commence on the Listing Date, which is 29 January 2026.

Participating Dealers (acting for themselves or for their clients) may continue to apply for Listed Class Units by means of a cash Creation Application (in USD only) on each Dealing Day by transferring cash in accordance with the Operating Guidelines.

Listed Class Units may be realised by means of a cash Redemption Application (in USD only) through Participating Dealers in Application Unit size or multiples thereof.

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

The current Dealing Deadline After Listing is 11:00 a.m. (Hong Kong time) for a Creation Application or a Redemption Application on the relevant Dealing Day, or such other time as the Manager may determine with the approval of the Trustee on any day when the trading hours of the SEHK are reduced or otherwise.

### **Dual Counter (applicable to Listed Class Units only)**

The Manager has arranged for the Listed Class Units of the Sub-Fund to be available for trading on the secondary market on the SEHK under a Dual Counter arrangement. Listed Class Units are denominated in USD. The Sub-Fund offers two trading counters on the SEHK (i.e. HKD counter and USD counter) to investors for secondary trading purposes. Listed Class Units will be settled in the corresponding currency of the relevant counter. Apart from settlement in different currencies, the trading prices of Listed Class Units in the counters may be different as the different counters are distinct and separate markets.

Listed Class Units traded on each of the two counters 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 but trade and settle with a single ISIN number, as set out in the section “**Key Information**” above.

Normally, investors can buy and sell Listed Class Units traded in the same counter or alternatively buy in one counter and sell in another counter provided their brokers provide HKD and USD trading services at the same time and offer inter-counter transfer services to support Dual 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 Units traded in each counter may be different and may not always maintain a close relationship depending on factors such as market demand and supply and liquidity in each counter.

Investors should consult their brokers if they have any questions concerning fees, timing, procedures and the operation of the Dual Counter, including inter-counter transfers. Investors’ attention is also drawn to the risk factor in this Appendix titled “**Dual Counter risks (in the case of Listed Class Units only)**”.

### **Exchange Listing and Trading (Secondary Market) of the Listed Class Units**

Listed Class 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 Listed Class Units on one or more other stock exchanges. Investors’ attention is drawn to the section entitled “**EXCHANGE LISTING AND TRADING (SECONDARY MARKET) OF THE LISTED CLASS UNITS**” in Part 1 of this Prospectus for further information.

Listed Class Units have been accepted as eligible securities by HKSCC for deposit, clearing and settlement in the CCASS. Dealings on the SEHK in Listed Class Units will begin on 29 January 2026. Units will trade on the SEHK in board lots of 1 Unit.

Participating Dealers should note that they will not be able to sell or otherwise deal in the Listed Class Units on the SEHK until dealings begin on the SEHK.

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

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



Deed. Redemption proceeds paid in cash shall be in USD only, notwithstanding a Dual Counter arrangement being adopted for the Sub-Fund.

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

## **Subscription and Redemption of Unlisted Class Units**

### *Initial Offer Period*

The Initial Offer Period of Unlisted Class Units is the period commencing 9:00 a.m. (Hong Kong time) on 26 January 2026 to 4:00 pm (Hong Kong time) on 28 January 2026 (or such other period as may be agreed between the Trustee and the Manager).

### *Unlisted Classes of Units*

The Sub-Fund currently offers the following Unlisted Classes of Units to investors:

- Class A – USD
- Class B – USD
- Class I – USD
- Class T – USD
- Class M – USD

Class A Units are offered to other investors, including the retail public in Hong Kong and other distributors. Class B Units of the Sub-Fund are offered to selected distributor(s) as determined by the Manager from time to time. Class I Units are offered to institutional investors and selected investors as determined by the Manager. Class T Units are only available for subscription by investors through Eligible Distributor(s) designated by the Manager. Class M Units are only available to such persons as designated by the Manager.

### *Initial Subscription Price*

The initial Subscription Price for each of the Unlisted Class Units is USD100 or such other amount as the Manager determines prior to the commencement of the Initial Offer Period.

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.

### *Subscription and Redemption Procedures*

The following apply to Unlisted Classes:

- Dealing Day: each Business Day
- Dealing Deadline: 11:00 a.m. (Hong Kong time) on each Dealing Day
- Cleared Funds Deadline: 11:00 a.m. (Hong Kong time) on each Dealing Day
- Valuation Point: Approximately 11:00 a.m. (Hong Kong time) on the applicable Dealing Day

Please refer to the sections headed “**Subscription of Unlisted Class Units**” and “**Redemption of Unlisted Class Units**” in Part I of this Prospectus for further details on the subscription, redemption, and payment procedures in respect of Unlisted Class Units.

### *Subscription Price and Redemption Price*

The Subscription Price and Redemption Price of each of the Unlisted Class Units on any Dealing Day will be the price per Unit of the relevant Unlisted Class 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 Units should be received in cleared funds by (i) the Dealing Deadline on the relevant Dealing Day on which an application was received by the Dealing Deadline or (ii) in the case of applications for Unlisted Class Units during the Initial Offer Period, such time on the last day of the Initial Offer Period of Unlisted Class Units as specified in this Appendix, 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, realisation proceeds in respect of Unlisted Class Units will normally be paid in the base currency or the relevant class currency by telegraphic transfer, within 10 Business Days after the relevant Dealing Day and in any event within one calendar month of the relevant Dealing Day or (if later) receipt of a properly documented realisation request, unless legal or regulatory requirements (such as foreign currency controls) to which the Sub-Fund is subject render the payment of the realisation proceeds within the aforesaid time period not practicable, and such extended time frame should reflect the additional time needed in light of the specific circumstances in the relevant market.

#### **Switching**

Investors should note that switching between Unlisted Class Units and Listed Class Units is not available.

For the Unlisted Class Units of the Sub-Fund, a class of Unlisted Class Units may be switched into: (i) Unlisted Class Units of the same class, or Unlisted Class Units of a different class, in another Sub-Fund on a Valuation Point common to both the Existing Class and the New Class, whether or not with the same currency denomination; or (ii) another class of Unlisted Class Units in this Sub-Fund, whether or not with the same currency of denomination. The Manager will use the prevailing exchange rate for switching of Unlisted Class Units denominated in different currencies. Switching of Class T Units in the Sub-Fund into Units of other classes in the Sub-Fund or another Sub-Fund of the Fund, or vice versa, is not allowed.

#### **Fees and Expenses**

##### *Fees applicable to Listed Class Units only*

| <b>Fees and expenses payable by Participating Dealers on creations and redemptions (as applicable) of Listed Class Units (applicable both during the Initial Offer Period and After Listing)</b> | <b>Amount</b>   |
|--|---|
| Transaction Fee  | Nil   |
| Service Agent's Fee  | HKD1,000 <sup>6</sup> per book-entry deposit and withdrawal transaction |
| Conversion Agent's Fee   | Nil   |
| Registrar fee  | Nil   |

<sup>6</sup> The Service Agent's Fee of HKD1,000 is payable by a Participating Dealer to the Service Agent for each book-entry deposit or book-entry withdrawal transaction.

|   |   |
|---|---|
| Application cancellation fee  | Up to HKD4,000/ USD500 <sup>7</sup> per Application |
| Extension Fee   | Up to HKD4,000/USD500 <sup>8</sup> per Extension    |
| Stamp duty  | Nil   |
| All other Duties and Charges incurred by the Trustee or the Manager in connection with the creation or redemption | As applicable <sup>9</sup>                          |

| <b>Fees payable by the Sub-Fund</b> | <b>Amount (as a % of the Sub-Fund's NAV)</b>   |
|-------------------------------------|--|
| Management Fee                      | 0.15% p.a.   |
| Trustee Fee                         | 0.04% p.a., subject to a minimum monthly fee of USD3,000 in respect of the aggregate of the Trustee Fee and the Custodian Fee for the Sub-Fund |
| Custodian Fee                       | 0.01% p.a., subject to a minimum monthly fee of USD3,000 in respect of the aggregate of the Trustee Fee and the Custodian Fee for the Sub-Fund |
| Performance Fee                     | Nil  |

For details on other fees applicable to the Listed Class Units only, please refer to the sub-section headed "**Fees and Expenses applicable to the Listed Class in a Sub-Fund only**" in the section headed "**FEES AND EXPENSES**" in the main body of the Prospectus.

#### Fees payable to the Service Agent

The Service Agent is entitled to receive a monthly reconciliation fee of HKD5,000 from the Manager. The Manager shall pass on to the Sub-Fund such reconciliation fee. For any period less than a month, the reconciliation fee is on a pro-rata basis and accrues on a daily basis.

#### *Fees applicable to Unlisted Class Units only*

The following fees are payable by investors of Unlisted Class Units:

| <b>Fees payable by Investors</b> | <b>Amount</b>                             |
|----------------------------------|---|
| <b>Subscription Fee</b>          | Up to 5% of the total subscription amount |
| <b>Redemption Fee</b>            | Nil                                       |
| <b>Switching Fee<sup>#</sup></b> | Nil for all classes                       |

<sup>7</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.

<sup>8</sup> An Extension Fee is payable to the Trustee on each occasion the Manager, upon a Participating Dealer's request, grants the Participation Dealer an extended settlement in respect of a Creation Application or Redemption Application.

<sup>9</sup> Participating Dealers may apply to the Manager for further details, although it should be noted that the actual Duties and Charges can only be determined only after the relevant Applications have been effected.

|   |  |
|---|--|
| # Not applicable to tokenised class of Units since switching of such class into other class(es) is not allowed. |  |
|---|--|

| <b>Fees payable by the Sub-Fund</b> | <b>Amount (as a % of the Sub-Fund's NAV)</b>   |
|-------------------------------------|--|
| Management Fee                      | Class A – USD: 0.40% p.a.<br>Class B – USD: 0.60% p.a.<br>Class I – USD: 0.15% p.a.<br>Class T – USD: 0.65% p.a.*<br>Class M – USD: 0% p.a.<br><br><i>*Inclusive of the Tokenisation Fee</i> |
| Trustee Fee                         | 0.04% p.a., subject to a minimum monthly fee of USD3,000 in respect of the aggregate of the Trustee Fee and the Custodian Fee for the Sub-Fund   |
| Custodian Fee                       | 0.01% p.a., subject to a minimum monthly fee of USD3,000 in respect of the aggregate of the Trustee Fee and the Custodian Fee for the Sub-Fund   |
| Tokenisation Fee                    | Applicable to Class T Units only, included in the Management Fee   |
| Performance Fee                     | Nil  |

In addition, fees and expenses of the Auditor, securities transaction fee, ordinary out-of-pocket expenses incurred by the Manager or the Trustee or its agents may be payable out of and borne by the Unlisted Class.

## **APPENDIX 2: Taikang Hong Kong HKD Money Market ETF**

*This is an active exchange traded fund*

Investors should note that this Sub-Fund offers both Listed Class Units and Unlisted Class Units. For the Unlisted Class Units, the Sub-Fund offers both tokenised class(es) of Units and non-tokenised 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 this Sub-Fund which should be read together with the full text of this Appendix and this Prospectus.

*Key information applicable to both Listed Class Units and Unlisted Class Units*

|                            |   |
|----------------------------|---|
| <b>Investment Strategy</b> | Please refer to the section headed "Investment Strategy" below.   |
| <b>Base Currency</b>       | Hong Kong dollars (HKD)   |
| <b>Financial Year End</b>  | 31 December   |
| <b>Website</b>             | <a href="https://hk.taikangasset.cn/">https://hk.taikangasset.cn/</a> (this website has not been reviewed by the SFC) |

*Key information applicable to Listed Class Units only*

|   |   |
|---|---|
| <b>Initial Offer Period</b>   | 9:00 a.m. (Hong Kong time) on 26 January 2026 to 4:00 p.m. (Hong Kong time) on 26 January 2026, or such other date as may be agreed between the Manager and the Trustee |
| <b>Initial Issue Date</b>   | 28 January 2026   |
| <b>Listing Date (SEHK)</b>  | 29 January 2026   |
| <b>Issue Price during the Initial Offer Period</b>                      | HKD1,000 per Unit   |
| <b>Exchange Listing</b>   | SEHK – Main Board   |
| <b>Stock Code</b>   | 3457 – HKD counter  |
| <b>Stock Short Name</b>   | A TK HKD MM – HKD counter   |
| <b>Trading Board Lot Size</b>   | 1 Unit  |
| <b>Trading Currency</b>   | Hong Kong dollars (HKD) – HKD counter   |
| <b>Creation / Redemption Policy</b>                                     | Cash (HKD)  |
| <b>Application Unit Size (only by or through Participating Dealers)</b> | Minimum 100 Units (or multiples thereof)  |
| <b>Dealing Deadline</b>   | 11:00 a.m. (Hong Kong time) on the relevant Dealing Day   |
| <b>Listing Agent</b>  | Altus Capital Limited   |
| <b>Market Maker(s)</b>  | Please refer to the Sub-Fund's website set out above for the latest list  |

|   |  |
|---|--|
|   | of Market Maker(s).  |
| <b>Participating Dealers</b>              | Please refer to the Sub-Fund's website set out above for the latest list of Participating Dealers.   |
| <b>Service Agent and Conversion Agent</b> | HK Conversion Agency Services Limited  |
| <b>Distribution Policy</b>                | <p>Subject to the Manager's discretion, the Manager intends to pay distributions to Unitholders on monthly basis having regard to the Sub-Fund's net income after fees and costs. Distributions will only be paid out of net distributable income.</p> <p><b>All Units will receive distributions in the base currency (HKD) only.</b> In the event that the relevant Unitholder has no HKD account, the Unitholder may have to bear the fees and charges associated with the conversion of such distributions from HKD into any other currency.</p> |

*Key information applicable to Unlisted Class Units only*

|   |   |
|---|---|
| <b>Unlisted Classes Offered</b>                           | Class A – HKD, Class B – HKD, Class I – HKD, Class T – HKD and Class M – HKD  |
| <b>Minimum Initial Investment Amount</b>                  | <p>Class A – HKD: HKD100</p> <p>Class B – HKD: HKD100</p> <p>Class I – HKD: HKD100</p> <p>Class T – HKD: HKD100</p> <p>Class M – HKD: HKD10,000</p>                     |
| <b>Minimum Subsequent Investment</b>                      | <p>Class A – HKD: HKD100</p> <p>Class B – HKD: HKD100</p> <p>Class I – HKD: HKD100</p> <p>Class T – HKD: HKD100</p> <p>Class M – HKD: HKD10,000</p>                     |
| <b>Minimum Holding Amount</b>                             | <p>Class A – HKD: HKD100</p> <p>Class B – HKD: HKD100</p> <p>Class I – HKD: HKD100</p> <p>Class T – HKD: HKD100</p> <p>Class M – HKD: HKD10,000</p>                     |
| <b>Minimum Redemption Amount</b>                          | <p>Class A – HKD: HKD100</p> <p>Class B – HKD: HKD100</p> <p>Class I – HKD: HKD100</p> <p>Class T – HKD: HKD100</p> <p>Class M – HKD: HKD10,000</p>                     |
| <b>Initial Offer Period</b>                               | 9:00 a.m. (Hong Kong time) on 26 January 2026 to 4:00 p.m. (Hong Kong time) on 28 January 2026, or such other date as may be agreed between the Manager and the Trustee |
| <b>Subscription Price during the Initial Offer Period</b> | HKD100 or such other amount as the Manager determines prior to the commencement of the Initial Offer Period   |

|                                  |   |
|----------------------------------|---|
| <b>Issue / Redemption Policy</b> | Cash (HKD only)   |
| <b>Dealing Deadline</b>          | 11:00 a.m. (Hong Kong time) on the relevant Dealing Day |
| <b>Distribution Policy</b>       | No distributions will be made.                          |

*Key similarities and differences between Listed Class Units and Unlisted Class Units*

|                             |  |
|-----------------------------|--|
| <b>Investment Objective</b> | Same for both Listed Class Units and Unlisted Class Units. Please refer to the sections below headed “ <b>Investment Objective</b> ” and “ <b>Investment Strategy</b> ”  |
| <b>Investment Strategy</b>  |  |
| <b>Valuation Policy</b>     | Same for both Listed Class Units and Unlisted Class Units. Please refer to the section headed “ <b>DETERMINATION OF NET ASSET VALUE</b> ” of the Prospectus.   |
| <b>Dealing Arrangements</b> | <p>There are some differences in certain dealing arrangements in respect of each of the Listed Class and Unlisted Class, including but not limited to different minimum amounts for creation/subscription and redemption of Units.</p> <p>Investors should note that the dealing frequency and the definition of “<b>Dealing Day</b>” in respect of Listed Class Units and Unlisted Class Units are the same. The applicable dealing procedures and timing with the relevant Participating Dealer (in the case of the Listed Class Units) and the distributor (if applicable, in the case of the Unlisted Class Units) may also be different. Investors should check with the relevant Participating Dealer or distributor for the applicable dealing procedures and timing.</p> <p><b>In respect of the Listed Class Units:</b></p> <ol style="list-style-type: none"> <li>1. the current Dealing Deadline in the primary market is 11:00 a.m. (Hong Kong time) for creation and redemption on the relevant Dealing Day, or such other time as the Manager may determine (with the approval of the Trustee) on any day when the trading hours of the SEHK are reduced or otherwise;</li> <li>2. a secondary market investor can buy and sell the Listed Class Units on the SEHK through his stockbroker at any time the SEHK is open. Investors can buy or sell the Listed Class Units at market price;</li> <li>3. the creation / subscription or redemption application for Listed Class Units received at or before the applicable Dealing Deadline referred above on a Dealing Day (“Day T”) will be processed at the Net Asset Value per Unit of Listed Class Units respectively of Day T; and</li> <li>4. the creation / subscription or redemption application for Listed Class Units received after the applicable Dealing Deadline referred above on Day T will be processed on the next Dealing Day (“Day T+1”) at the Net Asset Value per Unit of Listed Class Units respectively of Day T+1, unless otherwise determined by the Manager.</li> </ol> <p><b>In respect of the Unlisted Class:</b></p> |

|                               |  |
|-------------------------------|--|
|                               | <ol style="list-style-type: none"> <li>1. the Dealing Deadline is 11:00 a.m. (Hong Kong time) on each Dealing Day. Investors can buy or sell the Unlisted Class Units at the Net Asset Value of the relevant Unlisted Class. Applicants may apply for Unlisted Class 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 Unlisted Class Units through a distributor should therefore consult the distributor for details of the relevant dealing procedures;</li> <li>2. the subscription or redemption application for Unlisted Class Units received at or before 11:00 a.m. (Hong Kong time) on a Dealing Day (“Day T”) will be processed at the Net Asset Value per Unit of Unlisted Class Units respectively of Day T; and</li> <li>3. the subscription or redemption application for Unlisted Class Units received after 11:00 a.m. (Hong Kong time) on Day T will be processed on the next Dealing Day (“Day T+1”) at the Net Asset Value per Unit of Unlisted Class Units respectively of Day T+1, unless otherwise determined by the Manager.</li> </ol> <p>Please refer to the sections headed “<b>PROVISIONS RELATING TO THE OFFER, CREATION, REDEMPTION, LISTING AND TRADING OF THE LISTED CLASS UNITS</b>” and “<b>PROVISIONS RELATING TO THE OFFER, SUBSCRIPTION, SWITCHING AND REDEMPTION OF THE UNLISTED CLASS UNITS</b>” in the Prospectus for details of the dealing arrangements of Listed Class Units and Unlisted Class Units respectively.</p> |
| <p><b>Valuation Point</b></p> | <p><b>In respect of the Listed Class and the Unlisted Class:</b></p> <p>The valuation point is approximately 11:00 a.m. (Hong Kong time) on the applicable Dealing Day.</p>  |
| <p><b>Fee Structure</b></p>   | <p>Different for both Listed Class and Unlisted Classes.</p> <p>In respect of Listed Class Units: The current rate of Management Fee is 0.15% per annum of the Sub-Fund’s Net Asset Value.</p> <p>In respect of Unlisted Class Units: The current rate of Management Fee is as follows (as a % of the Sub-Fund’s Net Asset Value):</p> <p>Class A – HKD: 0.40% per annum<br/> Class B – HKD: 0.60% per annum<br/> Class I – HKD: 0.15% per annum<br/> Class T – HKD: 0.65% per annum<br/> Class M – HKD: 0% per annum</p> <p>While the level of Trustee Fee and Custodian Fee is the same for both Listed Class and Unlisted Classes, an investment in the Listed Class 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, Conversion Agent’s fee, transaction costs, brokerage fee, transaction levy, trading fee etc.).</p> <p>An investment in the Unlisted Class Units may be subject to the payment of Subscription Fee and Switching Fee, but not Redemption Fee.</p>  |



|                                 |   |
|---------------------------------|---|
|                                 | Please refer to the section headed “ <b>FEES AND EXPENSES</b> ” in the Prospectus and the section headed “ <b>Fees and Expenses</b> ” in this Appendix for further details.   |
| <b>Net Asset Value per Unit</b> | <p>The Net Asset Value may be different in respect of each of the Listed Class and Unlisted Class due to various factors, including but not limited to the different fee structures applicable to each class of Units, and charges, stamp duty and so on. Accordingly, the performance of the different classes will be different.</p> <p>Further, Listed Class Units in the secondary market will be bought and sold at market price which may be different from the Net Asset Value per Unit of the Listed Class.</p> <p>There is a separate Net Asset Value for each class of Units. The Trustee does allow each class of Units to have its own Net Asset Value (i.e. one Net Asset Value for one class of Units).</p> <p>Please refer to the relevant risk factors in the KFS of the Listed Class and Unlisted Classes and the section headed “<b>RISK FACTORS</b>” in this Prospectus.</p> |
| <b>Termination</b>              | Due to the nature of the listing of the Listed Class Units, the termination procedures applicable to the Listed Class Units and Unlisted Class Units may differ. Please refer to the sub-section headed “ <b>Termination</b> ” under the section headed “ <b>STATUTORY AND GENERAL INFORMATION</b> ” of this Prospectus for further details.  |

*Key similarities and differences between tokenised class(es) of Units and non-tokenised class(es) of Units which are both Unlisted Class of Units*

|                             |   |
|-----------------------------|---|
| <b>Investment Objective</b> | Same for both tokenised class(es) of Units and non-tokenised class(es) of Units. Please refer to the sections below headed “ <b>Investment Objective</b> ” and “ <b>Investment Strategy</b> ”   |
| <b>Investment Strategy</b>  |   |
| <b>Valuation Policy</b>     | Same for both tokenised class(es) of Units and non-tokenised class(es) of Units. Please refer to the section headed “ <b>DETERMINATION OF NET ASSET VALUE</b> ” of the Prospectus.  |
| <b>Dealing Arrangements</b> | <p>Different dealing arrangements apply to tokenised class(es) of Units and non-tokenised class(es) of Units.</p> <p>Investors should note that the minimum amounts for subscription and redemption in respect of tokenised class(es) of Units and non-tokenised class(es) of Units may be different.</p> <p>Investors should also note that while the dealing frequency, the definition of “<b>Dealing Day</b>” and the Dealing Deadlines for subscription and redemption in respect of tokenised class(es) of Units and non-tokenised class(es) of Units are the same, the applicable dealing procedures with the Eligible Distributor(s) (in the case of tokenised class(es) of Units) and the distributor (if applicable, in the case of non-tokenised class(es) of Units) may be different. Investors should check with the Eligible Distributor(s) or distributor for the applicable dealing procedures and timing.</p> |

|                               |  |
|-------------------------------|--|
|                               | <p><b>In respect of the tokenised class(es) of Units:</b></p> <ol style="list-style-type: none"> <li>1. the Dealing Deadline currently is 11:00 a.m. (Hong Kong time) on each Dealing Day. Investors may only subscribe for, or redeem, the tokenised class(es) of Units at the Net Asset Value in the form of Tokens via the Eligible Distributor(s);</li> <li>2. Switching of a tokenised class of Units into Units of other classes in the Sub-Fund or another Sub-Fund of the Fund, or vice versa, is not allowed; and</li> <li>3. the subscription application or redemption requests for tokenised class(es) of Units submitted after 11:00 a.m. (Hong Kong time) on a Dealing Day will be deemed to have been received on the next Dealing Day.</li> </ol> <p><b>In respect of the non-tokenised class(es) of Units:</b></p> <ol style="list-style-type: none"> <li>1. the Dealing Deadline is 11:00 a.m. (Hong Kong time) on each Dealing Day. Investors can buy or sell the non-tokenised class(es) of Units at the Net Asset Value of the relevant non-tokenised class(es) of Units. Applicants may apply for non-tokenised class(es) of 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 non-tokenised class(es) of Units through a distributor should therefore consult the distributor for details of the relevant dealing procedures;</li> <li>2. the Manager may from time to time permit Unitholders to switch some or all of their Units of an non-tokenised class of Units of any Sub-Fund into the Units of an non-tokenised class of Units of the same Sub-Fund or another Sub-Fund, or non-tokenised class of shares, units or interests in other collective investment schemes managed by the Manager or its Connected Persons and which has been authorised by the SFC; and</li> <li>3. the subscription or redemption application for non-tokenised class(es) of Units received after 11:00 a.m. (Hong Kong time) on a Dealing Day T will be processed on the next Dealing Day (“Day T+1”) at the Net Asset Value per Unit of the relevant non-tokenised class(es) of Units respectively of Day T+1, unless otherwise determined by the Manager.</li> </ol> <p>Please refer to the sections headed “<b>DEALING OF TOKENISED CLASS OF UNITS</b>” and “<b>PROVISIONS RELATING TO THE OFFER, SUBSCRIPTION, SWITCHING AND REDEMPTION OF THE UNLISTED CLASS UNITS</b>” in the Prospectus for details of the dealing arrangements of tokenised class(es) of Units and non-tokenised class(es) of Units respectively.</p> |
| <p><b>Valuation Point</b></p> | <p>Same for both tokenised class(es) of Units and non-tokenised class(es) of Units – approximately 11:00 a.m. (Hong Kong time) on the applicable Dealing Day.</p>  |
| <p><b>Fee Structure</b></p>   | <p>Different fees apply to the tokenised class(es) of Units and non-tokenised class(es) of Units.</p>  |

|  |  |
|--|--|
|  | <p>Both classes of Units are subject to Management Fee, Trustee Fee, Custodian Fee and may be subject to the payment of Subscription Fee, but not Redemption Fee.</p> <p>An investment in the tokenised class(es) of Units is subject to Tokenisation Fee (which is included in the Management Fee) but is not subject to Switching Fee.</p> <p>An investment in the non-tokenised class(es) of Units may be subject to the payment of Switching Fee (if applicable).</p> <p>Please refer to the section headed “<b>FEES AND EXPENSES</b>” in the Prospectus and the section headed “<b>Fees and Expenses</b>” in this Appendix for further details.</p>   |
| <p><b>Net Asset Value per Unit</b></p> | <p>Different in respect of each of the tokenised Class of Units and non-tokenised classes of Units due to various factors, including but not limited to the different fee structures applicable to each class of Units and different dealing arrangements. Accordingly, the performance of the different classes of Units will be different.</p> <p>There is a separate Net Asset Value for each class of Units.</p> <p>The Trustee does allow each class of Units to have its own Net Asset Value (i.e. one Net Asset Value for one class of Units).</p> <p>Please refer to the “Risk associated with differences in dealing and fee arrangements between tokenised class(es) of Units and non-tokenised class(es) of Units” risk factor under the section headed “<b>RISK FACTORS</b>” in this Prospectus.</p> |
| <p><b>Termination</b></p>              | <p>Same for both tokenised class of Units and non-tokenised classes of Units. Please refer to the sub-section headed “<b>Termination</b>” under the section headed “<b>STATUTORY AND GENERAL INFORMATION</b>” of this Prospectus for further details.</p>  |

### Investment Objective

The Sub-Fund’s objective is to invest in short-term deposits and high quality money market instruments. The Sub-Fund seeks to achieve a return in HKD in line with prevailing money market rates.

### Investment Strategy

The Sub-Fund seeks to achieve its investment objective by investing primarily (i.e. not less than 70% of its Net Asset Value) in HKD denominated and settled short-term deposits and high quality money market instruments issued by governments, quasi-governments, international organisations, financial institutions and corporations.

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

In assessing whether a money market instrument is of high quality, at a minimum, the credit quality and the liquidity profile of the instrument must be taken into account. High quality money market instruments include fixed income securities (such as government bonds, and fixed and floating rate bonds), government bills, bankers’ acceptance, commercial papers, certificates of deposits, short-term notes and commercial bills.

the Sub-Fund will only invest in fixed income securities rated investment grade or above. For the purposes of the Sub-Fund, investment grade is defined as below based on the original maturity of a fixed income security:

- A long-term fixed income security which (or if the security itself does not have a credit rating, the issuer

or guarantor of which) is rated BBB- / Baa3 or above by an internationally recognised credit rating agency (such as Fitch's, Moody's and Standard & Poor's). For split credit ratings, the highest rating shall apply. For the avoidance of doubt, the Sub-Fund does not intend to invest in fixed income securities with a long term to maturity remaining at the time of investment. The long-term credit ratings will be considered where the Sub-Fund invests in fixed income securities which have been rated long-term credit ratings, but have a shorter term to maturity remaining (subject to the restrictions on remaining maturity, weighted average maturity and weighted average life of the portfolio of the Sub-Fund as set out below) at the time of purchase by the Sub-Fund; and

- A short-term fixed income security which (or if the security itself does not have a credit rating, the issuer or guarantor of which) is rated F3 / P-3 / A-3 or above by an internationally recognised credit rating agency (such as Fitch's, Moody's and Standard & Poor's). For split credit ratings, the highest rating shall apply.

In any event, the Sub-Fund will not invest in unrated or low-investment grade money market instruments (including fixed income securities).

While these credit ratings provided by the relevant rating agencies serve as a point of reference, the Manager will conduct its own assessment on the credit quality based on various factors. The assessment by the Manager involves both quantitative and qualitative analyses of an issuer's credit fundamentals. Quantitative financial factors that are assessed may include, the issuer's leverage, operating margin, return on capital, interest coverage and operating cash flows. Qualitative factors that will be assessed may include, industry outlook, the firm's competitive position, corporate governance, and other non-financial factors.

The Manager will assess the liquidity profile of instruments based on various factors, included but not limited to time to cash, liquidation horizon, price volatility, external liquidity classification, daily trading volume, yield volatility and bid-ask spread of such instruments. Only instruments with sufficient liquidity will be included in the portfolio of the Sub-Fund.

There is no specific geographical allocation of the country of issue of the Sub-Fund's investments.

The Sub-Fund will invest less than 30% of its NAV in short-term deposits issued in Mainland China.

The aggregate value of the Sub-Fund's holding of instruments and deposits issued by a single entity will not exceed 10% of the total Net Asset Value of the Sub-Fund except: (i) where the entity is a substantial financial institution (as defined in the Code) and the total amount does not exceed 10% of the entity's share capital and non-distributable capital reserves, the limit may be increased to 25%; or (ii) in the case of Government and other public securities (as defined in the Code), up to 30% may be invested in the same issue; or (iii) in respect of any deposit of less than USD1,000,000 or its equivalent in HKD, where the Sub-Fund cannot otherwise diversify as a result of its size.

The Sub-Fund will maintain a portfolio with weighted average maturity not exceeding 60 days and a weighted average life not exceeding 120 days and must not purchase an instrument with a remaining maturity of more than 397 days, or two years in the case of Government and other public securities.

### ***Other Investments***

The Sub-Fund may also invest not more than 10% of its NAV into money market funds that are authorised by the SFC or regulated in a manner generally comparable with the requirements of the SFC and acceptable to the SFC. The money market funds invested into by the Sub-Fund may be denominated in any currency.

The Sub-Fund will not invest in convertible bonds. It will not invest in instruments with loss-absorption features (i.e. instruments that may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s)).

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

For the avoidance of doubt, the Sub-Fund will not make any short sales.

### ***Financial Derivative Instruments***

The Sub-Fund may invest in FDI for hedging purposes only but not for investment purposes. Any material currency risk from non-HKD denominated investments will be appropriately hedged into HKD.

### ***Sale and Repurchase Transactions***

The Sub-Fund may enter into sale and repurchase transactions only on a temporary basis mainly for the purpose of meeting redemption requests. The maximum proportion and expected proportion of the Net Asset Value of the Sub-Fund that can be subject to sale and repurchase transactions, when aggregated with the Sub-Fund's borrowing, are 10% and 10% respectively. The actual proportion of the Net Asset Value engaged in such transactions may vary over time depending on various factors including, but not limited to, market conditions.

The Sub-Fund will not enter into securities lending and reverse repurchase transactions in respect of the Sub-Fund. 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 transactions and the Prospectus will also be updated accordingly.

It is the intention of the Manager to sell the securities for cash equal to the market value of the securities provided in a sale and repurchase transaction, where cash obtained will not be re-invested.

The Sub-fund will not receive any non-cash collateral. The Manager's policy in managing these transactions is disclosed in "**SCHEDULE 1 - SUMMARY OF POLICY OF SECURITIES FINANCING TRANSACTIONS**".

### ***Risk Factors Specific to the Sub-Fund***

In addition to the risk factors presented in Part 1 of this Prospectus, the risk factors set forth below are also specific risks, in the opinion of the Manager, considered to be relevant and presently applicable to the Sub-Fund.

#### ***General investment risk***

The Sub-Fund's investment portfolio may fall in value due to any of the key risk factors below and therefore Unitholders' investment in the Sub-Fund may suffer losses. There is no guarantee of the repayment of principal. There is also no guarantee of regular dividend or distribution payments during the period investors hold Units of the Sub-Fund.

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

#### ***Active investment management risk***

The Manager employs an actively managed investment strategy for the Sub-Fund. The Sub-Fund does not seek to track any index or benchmark, and there is no replication or representative sampling conducted by the Manager. Instead, investments of the Sub-Fund will be based on the Manager's view of market conditions and international investment trends and environment. The Sub-Fund may fail to meet its objective as a result of the Manager's selection of investments for the Sub-Fund, and/or the implementation of processes which may cause the Sub-Fund to underperform as compared to prevailing money market rates or other money market funds with a similar objective. Whilst it is the intention of the Manager to implement strategies which are designed to achieve the investment objective, there can be no assurance that these strategies will be successful. The Manager may not be successful in selecting the best-performing instruments or investment techniques. Accordingly, there is a risk that investors may not recoup the original amount invested in the Sub-Fund or may lose a substantial part or all of their initial investment.

#### ***Risks relating to money market instruments/ fixed income securities***

##### ***Short-term instruments risk***

As the Sub-Fund invests significantly in short-term instruments with short maturities, it means the turnover rates of the Sub-Fund's investments may be relatively high and the transaction costs incurred as a result of the purchase or sale of short-term instruments may also increase which in turn may have a negative impact on the Net Asset Value of the Sub-Fund.

#### *Credit / counterparty risk*

The Sub-Fund is exposed to the credit/default risk of issuers of the money market instruments and fixed income securities that it invests in. Such securities are typically unsecured debt obligations and are not supported by collateral. It 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 the fixed income securities only after all secured claims have been satisfied in full. The Sub-Fund is therefore fully exposed to the credit/default risk of its counterparties as an unsecured creditor.

The Sub-Fund is exposed to the risk that a counterparty in a transaction may default in its obligation to settle the transaction, or may be unable or unwilling to make timely payments on principal and/or interest. Where its counterparty does not perform its obligations under a transaction, the Sub-Fund may sustain substantial losses. The Sub-Fund may also encounter difficulties or delays in enforcing its rights against issuers incorporated outside Hong Kong and subject to foreign laws.

Please also refer to the risk factors headed "Credit/counterparty Risk" in the main part of the Prospectus.

#### *Interest rate risk*

Investment in the Sub-Fund is subject to interest rate risk. In general, the prices of fixed income securities rise when interest rates fall, whilst their prices fall when interest rates rise. Changes in monetary policies, such as interest rates policies, may have an adverse impact on the pricing of fixed income securities, and thus the return of the Sub-Fund.

#### *Downgrading risk*

The credit rating of a fixed income security or its issuer may be downgraded. In the event of such downgrading, the value of the Sub-Fund may be adversely affected. The Manager may or may not be able to dispose of the fixed income securities that are being downgraded. If the Sub-Fund continues to hold the relevant securities, it will be subject to additional risk of loss.

#### *Valuation risk*

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

The value of fixed income securities may be affected by changing market conditions or other significant market events affecting valuation. In adverse market conditions or where an adverse event happens to the issuer (e.g. credit rating downgrading), the value of lower rated securities may decline in value due to investors' perception over credit quality.

#### *Volatility and liquidity risk*

The fixed income securities in some of the markets that the Sub-Fund invests in (e.g. an emerging market) may be subject to higher volatility and lower liquidity compared to more developed markets. The prices of securities traded in such markets may be subject to fluctuations. The price at which the fixed income securities are traded may be higher or lower than the initial subscription price due to many factors including the prevailing interest rates. The bid and offer spreads of the prices of such securities may be large and the Sub-Fund may incur significant trading costs.

There may not be an active secondary market for the fixed income securities the Sub-Fund invests in. The Sub-Fund is therefore subject to liquidity risks and may suffer losses in trading such instruments. Even if the fixed income securities are listed, the market for such securities may be inactive and the trading volume may be low. In the absence of an active secondary market, the Sub-Fund may need to hold the fixed income

securities until their maturity date.

There is a risk that if the Sub-Fund is required to meet sizeable redemption requests, the Sub-Fund may need to liquidate its investments at a substantial discount in order to satisfy such requests and it may incur significant trading and realisation costs and suffer losses accordingly.

The offshore (that is, outside Mainland China) RMB denominated fixed income securities markets are at a developing stage and the trading volume may be lower than those of the more developed markets. Market volatility and potential lack of liquidity due to low trading volume in the RMB denominated fixed income securities market may result in prices of fixed income securities traded on such markets fluctuating significantly and may affect the volatility of the Sub-Fund's Net Asset Value.

For details in relation to the Trust's liquidity risk management process, please refer to the sub-section "**Liquidity Risk Management**" under the section headed "**STATUTORY AND GENERAL INFORMATION**" in the main part of the Prospectus.

#### *Sovereign/government debt risk*

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

#### *Credit rating risk*

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

Investors should note that even if a security may be assigned a certain credit rating at the time the Sub-Fund acquires the security, there is no assurance that (a) it will not be downgraded or (b) it will continue to be rated in future. The credit rating of a debt security is not the only selection criterion used by the Manager. Whilst the Manager may use credit ratings for reference in its investment process, it will primarily refer to its internal assessments to evaluate the credit quality of debt securities, for example, when it believes that the credit rating given by credit rating agencies does not adequately reflect the credit risks.

#### *Credit rating agency risk*

The Sub-Fund may invest in Mainland China onshore securities with credit ratings assigned by the Mainland China local credit rating agencies.

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

#### ***Risks associated with bank deposits***

Bank deposits are subject to the credit risks of the relevant financial institutions. The Sub-Fund's deposit may not be protected by any deposit protection schemes, or the value of the protection under the deposit protection schemes may not cover the full amount deposited by the Sub-Fund. Therefore, if the relevant financial institution defaults, the Sub-Fund may suffer losses as a result.

#### ***Currency and conversion risks***

##### *Currency risk*

Underlying investments of the Sub-Fund may be denominated in currencies 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.

Please also refer to the risk factor headed “Currency Risk” in the main part of the Prospectus.

#### *RMB currency and conversion risks*

The Sub-Fund may have exposure to investments denominated in RMB.

RMB is currently not freely convertible and is subject to exchange controls and restrictions. As RMB is not freely convertible, currency conversion is subject to availability of RMB at the relevant time. Any depreciation of the value of RMB could adversely affect the value of investors’ investments in the Sub-Fund.

Please also refer to the risk factor headed “RMB Currency and Conversion Risks” in the main part of the Prospectus.

#### **“Dim Sum” bond market risks**

The “Dim Sum” bond (i.e. bonds issued outside of Mainland China but denominated in RMB) market is still a relatively small market which is more susceptible to volatility and illiquidity. The operation of the “Dim Sum” bond market as well as new issuances could be disrupted causing a fall in the Net Asset Value of the Sub-Fund should there be any promulgation of new rules which limit or restrict the ability of issuers to raise RMB by way of bond issuances and/or reversal or suspension of the liberalisation of the offshore RMB (CNH) market by the relevant regulators.

#### **Risks associated with CIBM / Bond Connect**

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

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

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

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

In such event, the Sub-Fund’s ability to achieve its investment objective will be negatively affected.

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

#### **Concentration risk**

The Sub-Fund’s investments are concentrated in USD denominated deposits and money market instruments. The value of the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments.



Please also refer to the risk factor headed "Concentration Risk" in the main part of the Prospectus.

### ***Emerging market risk***

The Sub-Fund may invest in emerging markets which may involve increased risks and special considerations not typically associated with investment in more developed markets, such as liquidity risks, currency risks/control, political and economic uncertainties, legal and taxation risks, settlement risks, custody risk and the likelihood of a high degree of volatility.

Please also refer to the risk factor headed "Emerging Market Risk" in the main part of the Prospectus.

### ***Risks associated with securities financing transactions***

Where the Sub-Fund enters into a securities financing transaction, collateral may be received from or provided to the relevant counterparty. The Sub-Fund may be subject to operational, liquidity, counterparty, custody and legal risks.

### ***Trading differences risk***

As the markets in which the Sub-Fund invests may be open when Listed Class 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 Class Units. Differences in trading hours between 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 NAV.

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

In the event of the failure of the counterparty with which collateral has been placed, the Sub-Fund may suffer loss as there may be delays in recovering collateral placed out or the cash originally received may be less than the collateral placed with the counterparty due to inaccurate pricing of the collateral or market movements. In the event of the insolvency of the counterparty, the relevant Sub-Fund may become subject to the risk that it may not receive the return of its collateral or that the collateral may take some time to return if the collateral becomes available to the creditors of the relevant counterparty.

Under a sale and repurchase transaction, the Sub-Fund retains the economic risks and rewards of the securities which it has sold to the counterparty and therefore is exposed to market risk in the event that it must repurchase such securities from the counterparty at the pre-determined price if that predetermined price is higher than the value of the securities at the time of repurchase.

### ***Derivative instruments / hedging risk***

#### ***Risks associated with investment in FDI***

Risks associated with FDIs include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of an FDI can result in a loss significantly greater than the amount invested in the financial derivative instrument by the Sub-Fund. Exposure to FDI may lead to a high risk of significant loss by the Sub-Fund.

#### ***Hedging risk***

Insofar as the Sub-Fund acquires derivative instruments for hedging, it will be subject to additional risks. There can be no assurance that any hedging techniques will fully and effectively eliminate the risk exposure of the Sub-Fund.

Derivative instruments may be illiquid and are complex in nature. In adverse situations, the Sub-Fund's use of derivatives for hedging may become ineffective and the Sub-Fund may suffer significant losses. The price of a derivative instrument can be volatile which may result in losses in excess of the amount invested in the derivative instruments by the Sub-Fund. A derivative instrument is subject to the risk that the counterparty of the instrument will not fulfil its obligations to the Sub-Fund, and this may result in losses to the Sub-Fund.

### ***Risks associated with tokenised class(es) of Units***

Please refer to “**Risks Associated with Tokenised Class(es) of Units**” and “**Risk Associated with Differences in Dealing and Fee Arrangements between Tokenised Class(es) of Units and Non-tokenised Class(es) of Units**” under the section headed “**RISK FACTORS**” in the main part of the Prospectus for further details.

### **The Offering Phases of the Listed Class Units**

#### *Initial Offer Period*

The Initial Offer Period for the Listed Class Units commences at 9:00 a.m. (Hong Kong time) on 26 January 2026 and ends at 4:00 p.m. (Hong Kong time) on 26 January 2026, or such other date as may be agreed between the Manager and the Trustee.

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

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 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 Units on their behalf.

#### ***After Listing***

“**After Listing**” commences on the Listing Date.

Dealings in the Listed Class Units on the SEHK will commence on the Listing Date, which is 29 January 2026.

Participating Dealers (acting for themselves or for their clients) may continue to apply for Listed Class Units by means of a cash Creation Application (in HKD only) on each Dealing Day by transferring cash in accordance with the Operating Guidelines.

Listed Class Units may be realised by means of a cash Redemption Application (in HKD only) through Participating Dealers in Application Unit size or multiples thereof.

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

The current Dealing Deadline After Listing is 11:00 a.m. (Hong Kong time) for a Creation Application or a Redemption Application on the relevant Dealing Day, or such other time as the Manager may determine with the approval of the Trustee on any day when the trading hours of the SEHK are reduced or otherwise.

### **Exchange Listing and Trading (Secondary Market) of the Listed Class Units**

Listed Class 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 Listed Class Units on one or more other stock exchanges. Investors’ attention is drawn to the section entitled “**EXCHANGE LISTING AND TRADING (SECONDARY MARKET) OF THE LISTED CLASS UNITS**” in Part 1 of this Prospectus for further information.

Listed Class Units have been accepted as eligible securities by HKSCC for deposit, clearing and settlement in

the CCASS. Dealings on the SEHK in Listed Class Units will begin on 29 January 2026. Units will trade on the SEHK in board lots of 1 Unit.

Participating Dealers should note that they will not be able to sell or otherwise deal in the Listed Class Units on the SEHK until dealings begin on the SEHK.

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

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

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

### **Subscription and Redemption of Unlisted Class Units**

#### *Initial Offer Period*

The Initial Offer Period of Unlisted Class Units is the period commencing 9:00 a.m. (Hong Kong time) on 26 January 2026 to 4:00 pm (Hong Kong time) on 28 January 2026 (or such other period as may be agreed between the Trustee and the Manager).

#### *Unlisted Classes of Units*

The Sub-Fund currently offers the following Unlisted Classes of Units to investors:

- Class A – HKD
- Class B – HKD
- Class I – HKD
- Class T – HKD
- Class M – HKD

Class A Units are offered to other investors, including the retail public in Hong Kong and other distributors. Class B Units of the Sub-Fund are offered to selected distributor(s) as determined by the Manager from time to time. Class I Units are offered to institutional investors and selected investors as determined by the Manager. Class T Units are only available for subscription by investors through Eligible Distributor(s) designated by the Manager. Class M Units are only available to such persons as designated by the Manager.

#### *Initial Subscription Price*

The initial Subscription Price for each of the Unlisted Class Units is HKD100 or such other amount as the Manager determines prior to the commencement of the Initial Offer Period.

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.

#### *Subscription and Redemption Procedures*

The following apply to Unlisted Classes:

- Dealing Day: each Business Day
- Dealing Deadline: 11:00 a.m. (Hong Kong time) on each Dealing Day
- Cleared Funds Deadline: 11:00 a.m. (Hong Kong time) on each Dealing Day
- Valuation Point: Approximately 11:00 a.m. (Hong Kong time) on the applicable Dealing Day

Please refer to the sections headed “**Subscription of Unlisted Class Units**” and “**Redemption of Unlisted Class Units**” in Part I of this Prospectus for further details on the subscription, redemption, and payment procedures in respect of Unlisted Class Units.

*Subscription Price and Redemption Price*

The Subscription Price and Redemption Price of each of the Unlisted Class Units on any Dealing Day will be the price per Unit of the relevant Unlisted Class 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 Units should be received in cleared funds by (i) the Dealing Deadline on the relevant Dealing Day on which an application was received by the Dealing Deadline or (ii) in the case of applications for Unlisted Class Units during the Initial Offer Period, such time on the last day of the Initial Offer Period of Unlisted Class Units as specified in this Appendix, 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, realisation proceeds in respect of Unlisted Class Units will normally be paid in the base currency or the relevant class currency by telegraphic transfer, within 10 Business Days after the relevant Dealing Day and in any event within one calendar month of the relevant Dealing Day or (if later) receipt of a properly documented realisation request, unless legal or regulatory requirements (such as foreign currency controls) to which the Sub-Fund is subject render the payment of the realisation proceeds within the aforesaid time period not practicable, and such extended time frame should reflect the additional time needed in light of the specific circumstances in the relevant market.

**Switching**

Investors should note that switching between Unlisted Class Units and Listed Class Units is not available.

For the Unlisted Class Units of the Sub-Fund, a class of Unlisted Class Units may be switched into: (i) Unlisted Class Units of the same class, or Unlisted Class Units of a different class, in another Sub-Fund on a Valuation Point common to both the Existing Class and the New Class, whether or not with the same currency denomination; or (ii) another class of Unlisted Class Units in this Sub-Fund, whether or not with the same currency of denomination. The Manager will use the prevailing exchange rate for switching of Unlisted Class Units denominated in different currencies. Switching of Class T Units in the Sub-Fund into Units of other classes in the Sub-Fund or another Sub-Fund of the Fund, or vice versa, is not allowed.

**Fees and Expenses**

*Fees applicable to Listed Class Units only*

| <b>Fees and expenses payable by Participating Dealers on creations and redemptions (as applicable) of Listed Class Units (applicable both during the Initial Offer Period and After Listing)</b> | <b>Amount</b>  |
|--|--|
| Transaction Fee  | Nil  |
| Service Agent’s Fee  | HKD1,000 <sup>10</sup> per book-entry deposit and withdrawal transaction |

<sup>10</sup> The Service Agent’s Fee of HKD1,000 is payable by a Participating Dealer to the Service Agent for each book-entry deposit or book-entry withdrawal transaction.

|   |  |
|---|--|
| Conversion Agent's Fee  | Nil  |
| Registrar fee   | Nil  |
| Application cancellation fee  | Up to HKD4,000/ USD500 <sup>11</sup> per Application |
| Extension Fee   | Up to HKD4,000/ USD500 <sup>12</sup> per Extension   |
| Stamp duty  | Nil  |
| All other Duties and Charges incurred by the Trustee or the Manager in connection with the creation or redemption | As applicable <sup>13</sup>                          |

| <b>Fees payable by the Sub-Fund</b> | <b>Amount (as a % of the Sub-Fund's NAV)</b>  |
|-------------------------------------|---|
| Management Fee                      | 0.15% p.a.  |
| Trustee Fee                         | 0.04% p.a., subject to a minimum monthly fee of HKD24,000 in respect of the aggregate of the Trustee Fee and the Custodian Fee for the Sub-Fund |
| Custodian Fee                       | 0.01% p.a., subject to a minimum monthly fee of HKD24,000 in respect of the aggregate of the Trustee Fee and the Custodian Fee for the Sub-Fund |
| Performance Fee                     | Nil   |

For details on other fees applicable to the Listed Class Units only, please refer to the sub-section headed **"Fees and Expenses applicable to the Listed Class in a Sub-Fund only"** in the section headed **"FEES AND EXPENSES"** in the main body of the Prospectus.

#### Fees payable to the Service Agent

The Service Agent is entitled to receive a monthly reconciliation fee of HKD5,000 from the Manager. The Manager shall pass on to the Sub-Fund such reconciliation fee. For any period less than a month, the reconciliation fee is on a pro-rata basis and accrues on a daily basis.

#### *Fees applicable to Unlisted Class Units only*

The following fees are payable by investors of Unlisted Class Units:

<sup>11</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.

<sup>12</sup> An Extension Fee is payable to the Trustee on each occasion the Manager, upon a Participating Dealer's request, grants the Participation Dealer an extended settlement in respect of a Creation Application or Redemption Application.

<sup>13</sup> Participating Dealers may apply to the Manager for further details, although it should be noted that the actual Duties and Charges can only be determined only after the relevant Applications have been effected.

| <b>Fees payable by Investors</b>  | <b>Amount</b>                             |
|---|---|
| <b>Subscription Fee</b>   | Up to 5% of the total subscription amount |
| <b>Redemption Fee</b>   | Nil                                       |
| <b>Switching Fee<sup>#</sup></b><br><small><sup>#</sup> Not applicable to tokenised class of Units since switching of such class into other class(es) is not allowed.</small> | Nil for all classes                       |

| <b>Fees payable by the Sub-Fund</b> | <b>Amount (as a % of the Sub-Fund's Net Asset Value)</b>   |
|-------------------------------------|--|
| <b>Management Fee</b>               | Class A – HKD: 0.40% p.a.<br>Class B – HKD: 0.60% p.a.<br>Class I – HKD: 0.15% p.a.<br>Class T – HKD: 0.65% p.a.*<br>Class M – HKD: 0% p.a.<br><br><i>*Inclusive of the Tokenisation Fee</i> |
| <b>Trustee Fee</b>                  | 0.04% p.a., subject to a minimum monthly fee of HKD24,000 in respect of the aggregate of the Trustee Fee and the Custodian Fee for the Sub-Fund  |
| <b>Custodian Fee</b>                | 0.01% p.a., subject to a minimum monthly fee of HKD24,000 in respect of the aggregate of the Trustee Fee and the Custodian Fee for the Sub-Fund  |
| <b>Tokenisation Fee</b>             | Applicable to Class T Units only, included in the Management Fee   |
| <b>Performance Fee</b>              | Nil  |

In addition, fees and expenses of the Auditor, securities transaction fee, ordinary out-of-pocket expenses incurred by the Manager or the Trustee or its agents may be payable out of and borne by the Unlisted Class.