Guotai Junan HKD Money Market Fund
Guotai Junan USD Money Market Fund

sub-funds of Guotai Junan Investment Funds OFC

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

Explanatory Memorandum

國泰君安資産管理(亞洲)
GUOTAI JUNAN ASSETS (ASIA)

Guotai Junan HKD Money Market Fund

Guotai Junan USD Money Market Fund

sub-funds of

Guotai Junan Investment Funds OFC

國泰君安投資基金開放式基金型公司

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

EXPLANATORY MEMORANDUM

November 2023

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IMPORTANT INFORMATION FOR INVESTORS

Important – If you are in any doubt about the contents of this Explanatory Memorandum, you should consult your stockbroker, bank manager, accountant, solicitor or other independent financial adviser. While section 112S of the SFO provides for segregated liability between sub-funds, the concept of segregated liability is relatively new. Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known how those foreign courts will react to section 112S of the SFO.

Guotai Junan Investment Funds OFC 國泰君安投資基金開放式基金型公司 (the "**Company**") is a public umbrella open-ended fund company incorporated in Hong Kong on 3 March 2023 with variable capital and limited liability. The Company can have a number of sub-funds (each a "**Sub-Fund**") with segregated liability among them. Guotai Junan Assets (Asia) Limited (the "**Manager**") has been appointed as the manager of the Company and each Sub-Fund. BOCI-Prudential Trustee Limited (the "**Custodian**") has been appointed as the custodian of the Company and each Sub-Fund. As at the date of this Explanatory Memorandum, Guotai Junan HKD Money Market Fund and Guotai Junan USD Money Market Fund are the Sub-Funds of the Company.

The Manager and the Directors accept full responsibility for the information contained in this Explanatory Memorandum including the Product Key Facts Statement of each Sub-Fund (together, the "**Offering Documents**") as being accurate and confirm, having made all reasonable enquiries, to the best of their knowledge and belief, there are no other facts the omission of which would make such information misleading. However, neither the delivery of the Offering Documents nor the offer or issue of Shares (as defined below) shall under any circumstances constitute a representation that the information contained in the Offering Documents is correct as of any time subsequent to the date of its publication. This Explanatory Memorandum including the Product Key Facts Statement of each Sub-Fund may from time to time be updated. Investors should check the Manager's website at www.gtjai.com (this website has not been reviewed by the Securities and Futures Commission in Hong Kong (the "**SFC**")) for the latest version of the Offering Documents.

The Manager also confirms that this Explanatory Memorandum includes particulars given in compliance with the Code on Unit Trusts and Mutual Funds (the "**UT Code**"), the Code on Open Ended Fund Companies and the "Overarching Principles" of the SFC Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Structured Investment Products for the purposes of giving information with regard to the Shares in each Sub-Fund.

The Company has been registered with the SFC as an open-ended fund company under Section 112D of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**"). The Company and each Sub-Fund are authorised by the SFC in Hong Kong under Section 104 of the SFO. SFC authorisation or registration is not a recommendation or endorsement of the Company or any Sub-Fund nor does it guarantee the commercial merits of the Company or any Sub-Fund or its performance. It does not mean the Company or a Sub-Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

You should consult your financial adviser or 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 Shares, 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.

This Explanatory Memorandum may refer to information and materials included in the Manager's website at www.gtjai.com. The contents of the website have not been reviewed by the SFC.

No action has been taken in any jurisdiction (other than Hong Kong or as otherwise specified below) that would permit an offering of the Shares or the possession, circulation or distribution of this Explanatory Memorandum or any other offering or publicity material relating to the offering of Shares in any other country or jurisdiction where action for the purpose is required. This Explanatory Memorandum does not constitute an offer or solicitation to any person in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it would be unlawful to make such offer or solicitation.

United States: The Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or under the securities law of any state or political sub-division of the United States of America or any of its territories, possessions or other areas subject to its jurisdiction including the Commonwealth of Puerto Rico (collectively, the "**United States**"). No person has registered nor will register as a commodity pool operator of the Company or any Sub-Fund under the Commodity Exchange Act of 1936, as amended (the "**CEA**") and the rules thereunder (the "**CFTC Rules**") of the Commodity Futures Trading Commission (the "**CFTC**"), and the Company and the Sub-Funds have not been and will not be registered under the United States Investment Company Act of 1940, as amended, nor under any other United States federal laws. The Shares are being offered and sold in reliance on an exemption from the registration requirements of the Securities Act pursuant to Regulation S thereunder ("**Regulation S**").

Accordingly, the Shares may not be offered, sold, pledged or otherwise transferred except (i) in an "Offshore Transaction" (as such term is defined under Regulation S) and (ii) to or for the account or benefit of a Permitted Transferee.

A "**Permitted Transferee**" means any person who is not any of:

(a) a U.S. person as defined in Rule 902(k)(1) of Regulation S;

(b) a person who comes within any definition of U.S. person for the purposes of the CEA or any CFTC rule, guidance or order proposed or issued under the CEA (for the avoidance of doubt, any person who is not a "Non-United States person" as such term is defined under CFTC Rule 4.7(a)(1)(iv), but excluding, for purposes of subsection (D) thereof, the exception for qualified eligible persons who are not "Non-United States persons", shall be considered a U.S. person); or

(c) a "resident of the United States" for purposes of, and as defined in implementing regulations proposed or issued under, Section 13 of the Bank Holding Company Act of 1956, as amended (the "**BHC Act**").

Transfers of Shares within the United States or to any person other than a Permitted Transferee are prohibited. Any transfer of Shares to a person other than a Permitted Transferee (a "**Non-Permitted Transferee**") will be void ab initio and of no legal effect whatsoever. Accordingly, any purported transferee of any legal or beneficial ownership interest in a Share in such a transaction will not be entitled to any rights as a legal or beneficial owner of such interest in such Share.

The foregoing restrictions on the offer, sale, pledge or other transfer of Shares to a Non-Permitted Transferee may adversely affect the ability of an investor in the Shares to dispose of the Shares in the secondary market, if any, and significantly reduce the liquidity of the Shares. As a result, the value of the Shares may be materially adversely affected.

As defined in Rule 902(k)(1) of Regulation S, "**US person**" means:

(a) Any natural person resident in the United States;

(b) Any partnership or corporation organized or incorporated under the laws of the United States;

(c) Any estate of which any executor or administrator is a U.S. person;

(d) Any trust of which any trustee is a U.S. person;

(e) Any agency or branch of a non-U.S. entity located in the United States;

(f) Any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person;

(g) Any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; and

(h) Any partnership or corporation if:

    (i) organized or incorporated under the laws of any non-U.S. jurisdiction; and

    (ii) formed by a U.S. person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organized or incorporated, and owned, by accredited investors (as defined in Rule 501(a) of Regulation D under the Securities Act) who are not natural persons, estates or trusts.

As defined in CFTC Rule 4.7, modified as indicated above, "**Non-United States person**" means:

(a) A natural person who is not a resident of the United States;

(b) A partnership, corporation or other entity, other than an entity organized principally for passive investment, organized under the laws of a non-U.S. jurisdiction and which has its principal place of business in a non-U.S. jurisdiction;

(c) An estate or trust, the income of which is not subject to United States income tax regardless of source;

(d) An entity organized principally for passive investment such as a pool, investment company or other similar entity; provided, that units of participation in the entity held by persons who do not qualify as Non-United States persons represent in the aggregate less than 10% of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by persons who do not qualify as Non-United States persons in a pool with respect to which the operator is exempt from certain requirements of part 4 of the Commodity Futures Trading Commission's regulations by virtue of its participants being Non-United States persons; and

(e) A pension plan for the employees, officers or principals of an entity organized and with its principal place of business outside the United States.

As defined in the CFTC's proposed interpretive guidance and policy statement regarding cross-border application of certain swaps provisions of the CEA, 78 Fed. Reg. 45292 (Jul. 26, 2013), "**U.S. person**" means:

(a) A natural person who is a resident of the United States;

(b) Any estate of a decedent who was a resident of the United States at the time of death;

(c) Any corporation, partnership, limited liability company, business or other trust, association, joint-stock company, fund or any form of enterprise similar to any of the foregoing (other than an entity described in prongs (d) or (e), below) (a "**legal entity**"), in each case that is organized or incorporated under the laws of a state or other jurisdiction in the United States or having its principal place of business in the United States;

(d) Any pension plan for the employees, officers or principals of a legal entity described in prong (c), unless the pension plan is primarily for foreign employees of such entity;

(e) Any trust governed by the laws of a state or other jurisdiction in the United States, if a court within the United States is able to exercise primary supervision over the administration of the trust;

(f) any commodity pool, pooled account, investment fund, or other collective investment vehicle that is not described in prong (c) and that is majority-owned by one or more persons described in prong (a), (b), (c), (d), or (e), except any commodity pool, pooled account, investment fund, or other collective investment vehicle that is publicly offered only to non-U.S. persons and not offered to U.S. persons;

(g) Any legal entity (other than a limited liability company, limited liability partnership or similar entity where all of the owners of the entity have limited liability) that is directly or indirectly majority-owned by one or more persons described in prong (a), (b), (c), (d), or (e) and in which such person(s) bears unlimited responsibility for the obligations and liabilities of the legal entity; and

(h) Any individual account or joint account (discretionary or not) where the beneficial owner (or one of the beneficial owners in the case of a joint account) is a person described in prong (a), (b), (c), (d), (e), (f), or (g).

As defined in the implementing regulations issued under Section 13 of the BHC Act, SEC Release No. BHCA-1; File No. S7-41-11, "**resident of the United States**" means a person that is a "U.S. person" as defined in rule 902(k) of the SEC's Regulation S.

Each person who offers, sells, pledges or otherwise transfers Shares has exclusive responsibility for ensuring that its offer, sale, pledge or other transfer is not to or for the account or benefit of any person other than a Permitted Transferee as such term is defined as of the date of such offer, sale, pledge or other transfer.

The Shares have not been approved or disapproved by the United States Securities and Exchange Commission (the "**SEC**") or any other regulatory agency in the United States, nor has the SEC or any other regulatory agency in the United States passed upon the accuracy or adequacy of this document or the merits of the Shares. Any representation to the contrary is a criminal offence. Furthermore, the Shares do not constitute, and have not been marketed as, contracts for the sale of a commodity for future delivery (or options thereon) subject to the CEA, and neither trading in the Shares nor this document has been approved by the CFTC under the CEA, and no person other than a Permitted Transferee may at any time trade or maintain a position in the Shares.

Prospective applicants for the Shares should inform themselves as to the relevant legal requirements of applying and any applicable exchange control regulations and applicable taxes in the countries or regions of their respective citizenship, residence or domicile which might be relevant to the subscription, holding or disposal of Shares.

Questions and Complaints

Investors may raise any questions on or make any complaints about the Company and/or the Sub-Fund(s) by contacting the Manager at its address as set out in the Directory of this Explanatory Memorandum, or by phone at its telephone number: (852) 2509 2186 and the Manager will issue a response within 10 Business Days of the receipt of the enquiry or complaint.

DIRECTORY

Manager	**Guotai Junan Assets (Asia) Limited** 26/F-28/F Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong Telephone No.: (852) 2509 2186 Fax No.: (852) 2509 7784
Custodian	**BOCI-Prudential Trustee Limited** Suites 1501-1507 & 1513 & 1516 15/F, 1111 King's Road Taikoo Shing Hong Kong
Administrator	**BOCI-Prudential Trustee Limited** Suites 1501-1507 & 1513 & 1516 15/F, 1111 King's Road Taikoo Shing Hong Kong
Registrar	**BOCI-Prudential Trustee Limited** Suites 1501-1507 & 1513 & 1516 15/F, 1111 King's Road Taikoo Shing Hong Kong
Legal Advisor	**Simmons & Simmons** Level 30, One Taikoo Place 979 King's Road Hong Kong
Auditors	**Ernst & Young** 27/F, One Taikoo Place 979 King's Road Quarry Bay, Hong Kong Hong Kong

DEFINITIONS

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

"A-Shares"	means shares issued by companies incorporated in Mainland China and listed on the SSE, the SZSE or the BSE, traded in RMB and available for investment by domestic investors through the Stock Connect (where applicable) and QFIs.
"Access Products"	means an access product, being a security (such as a note, warrant, option or participation certificate) or a swap agreement linked to a share or portfolios of shares which aims to synthetically replicate the economic performance of the underlying share or portfolios of shares.
"Administration Agreement"	means the administration agreement dated 28 March 2023 between the Company for itself and each Sub-Fund and the Administrator relating to the appointment and duties of the Administrator in its capacity as the administrator of the Company and each Sub-Fund.
"Administrator"	means BOCI-Prudential Trustee Limited, or such other person or persons for the time being duly appointed as administrator(s) hereof in succession thereto, acting in its capacity as administrator of the Company and each Sub-Fund.
"Appendix"	means an appendix to this Explanatory Memorandum containing information in respect of a particular Sub-Fund.
"Base Currency"	means, in relation to the Company, USD, being the base currency of the Company; and in relation to a Sub-Fund, the currency of account of the Sub-Fund as specified in the relevant Appendix.
"BSE"	means the Beijing Stock Exchange.
"Business Day"	means, unless otherwise specified in the relevant Appendix in respect of a particular Sub-Fund, a day (other than a Saturday or Sunday) on which banks in Hong Kong are open for normal banking business or such other day or days as the Manager and the Custodian may agree from time to time, provided that where as a result of a number 8 typhoon signal, black rainstorm warning or other similar event, the period during which banks in Hong Kong are open on any day is reduced, such day will not be a Business Day unless the Manager and the Custodian determine otherwise.
"China" or "PRC"	means the People's Republic of China.
"Class"	means a class of Shares of the Sub-Fund.

"Class Currency"	means the currency of denomination of a Class.
"Company"	means Guotai Junan Investment Funds OFC 國泰君安投資基金開放式基金型公司.
"Connected Person"	has the meaning as set out in the UT Code which as at the date of this Explanatory Memorandum 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).
"Custodian"	means BOCI-Prudential Trustee Limited or such other person or persons for the time being duly appointed as Custodian hereof in succession thereto, acting in its capacity as custodian of the Scheme Property (including investments and uninvested cash) of the Company and each Sub-Fund.
"Custodian Agreement"	means the custodian agreement dated 28 March 2023 between the Company for itself and each Sub-Fund and the Custodian relating to the appointment and duties of the Custodian in its capacity as custodian of the Company.
"CSDCC"	means the China Securities Depository and Clearing Co., Ltd.
"CSRC"	means the China Securities Regulatory Commission.
"Dealing Day"	each Business Day or such other day or days as the Directors may from time to time determine either generally or in respect of a particular Class or Classes of Shares provided that a Dealing Day for the issue of a Class of Shares may be a different day or days from the Dealing Day for the redemption of such Class of Shares.
"Dealing Deadline"	means 11:00 am (Hong Kong time) on the relevant Dealing Day.

"Directors"	means the directors of the Company for the time being or the directors of the Company present at a meeting of directors at which a quorum is present and includes any committee of the Directors duly constituted for the purposes relevant in the context in which any reference to the Directors appears or the members of such committee present at a meeting of such committee at which a quorum is present, and "**Director**" shall be construed accordingly.
"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.
"FDIs"	means financial derivative instruments.
"FMCC"	means the Fund Manager Code of Conduct issued by the SFC, as amended from time to time and supplemented by published guidelines or other guidance issued by the SFC.
"government and other public securities"	has the meaning as set out in the UT Code which as at the date of this Explanatory Memorandum 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.
"HKEX"	means Hong Kong Exchanges and Clearing Limited.
"Hong Kong"	means the Hong Kong Special Administrative Region of the People's Republic of China.
"Hong Kong Dollars" or "HKD"	means Hong Kong dollars, the lawful currency of Hong Kong.
"Hong Kong Stock Exchange"	means The Stock Exchange of Hong Kong Limited.
"IFRS"	means International Financial Reporting Standards issued by the International Accounting Standards Board.
"Ineligible Investor"	means any person, corporation, or other entity who is a US person and for this purpose, a "US person" is defined as (i) an individual who is a United States citizen, a US green card holder, or a resident of the United States for US federal income tax purposes, (ii) a corporation or partnership organised under the laws of the United States or any political subdivision thereof, or (iii) an estate or trust, the income of which is subject to US federal income taxation regardless of its source.

“Initial Offer Period”	in respect of each Class, means the period during which Shares of that Class are offered for subscription at a fixed price, details of which are set out in the section headed “Subscription of Shares” below.
“Instrument”	means the instrument of incorporation of the Company filed to the Companies Registry of Hong Kong on, and effective as of, 3 March 2023, including its Schedules and Appendices, as amended from time to time.
“Laws and Regulations”	means all applicable laws and regulations including the SFO, the OFC Rules, the OFC Code, the Products Handbook (including the UT Code) and the FMCC.
“Mainland China” or **“Mainland”**	means all customs territories of the PRC, excluding for the purposes of interpretation of this Explanatory Memorandum only, Hong Kong, the Macau Special Administrative Region and Taiwan.
“Management Agreement”	means the management agreement dated 24 March 2023 between the Company for itself and each Sub-Fund and the Manager relating to the appointment and duties of the Manager in its capacity as manager of the Company.
“Manager”	means Guotai Junan Assets (Asia) Limited.
“Net Asset Value”	means the net asset value of the Sub-Fund, of a Class or of a Share, as the context may require, calculated in accordance with the provisions of the Instrument as summarised below under the section headed “Valuation” below.
“OFC Code”	means the Code on Open Ended Fund Companies issued by the SFC, as amended from time to time and supplemented by published guidelines or other guidance issued by the SFC.
“OFC Rules”	means Securities and Futures (Open-ended Fund Companies) Rules (Chapter 571AQ of the Laws of Hong Kong), as amended from time to time.
“Ordinary Resolution”	means a resolution of the Company in general meeting or of a Class meeting or Sub-Fund meeting (as the case may be) passed by a simple majority of the votes validly cast for and against the resolution at such meeting in accordance with Rule 88 of the OFC Rules.
“PBOC”	means the People’s Bank of China.

"Products Handbook"	means the SFC Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Structured Investment Products issued by the SFC, as amended from time to time and supplemented by published guidelines or other guidance issued by the SFC.
"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.
"Redemption Price"	means the price at which Shares will be redeemed as described in the section headed "Payment of Redemption Proceeds" below.
"RMB" or **"Renminbi"**	means the Renminbi Yuan, the lawful currency of the PRC.
"Registrar"	means BOCI-Prudential Trustee Limited or such person as may from time to time be appointed by the Company (and acceptable to the Manager) as registrar in respect of each Sub-Fund to keep the register of the Shareholders of the Sub-Fund.
"Registrar Agreement"	means the registrar agreement dated 28 March 2023 between the Company for itself and each Sub-Fund and the Registrar relating to the appointment and duties of the Registrar in its capacity as the registrar of the Company and each Sub-Fund.
"SAFE"	means the State Administration of Foreign Exchange of the PRC.
"SAT"	means the State Administration of Taxation of the PRC.
"Scheme Property"	means the scheme property of the Company.
"SFC"	means the Securities and Futures Commission of Hong Kong.
"SFO"	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time.
"Securities Market"	means any stock exchange, over-the-counter market or other organised securities market that is open to the international public and on which the relevant securities are regularly traded.
"Share"	means such number of undivided shares or such fraction of an undivided share of a Sub-Fund to which a Share relates as is represented by a Share of the relevant Class and, except where used in relation to a particular Class of Share, a reference to "**Shares**" means and includes Shares of all Classes.
"Shareholder"	means a holder for the time being of Shares.

"Special Resolution"	means a resolution of the Company in general meeting or of a Class meeting or Sub-Fund meeting (as the case may be) passed by a majority of at least 75 per cent. of the votes validly cast for and against the resolution at such meeting in accordance with Rule 89 of the OFC Rules.
"Sub-Fund"	means a separate part of the Scheme Property of the Company which is established pursuant to the Instrument.
"Subscription Price"	means the price at which Shares are issued as described in the section headed "Subscription of Shares" below.
"substantial financial institution"	has the meaning as set out in the UT Code.
"US dollars" or **"USD"**	means United States dollars, the lawful currency of the United States of America.
"UT Code"	means the Code on Unit Trusts and Mutual Funds issued by the SFC, as amended from time to time and supplemented by published guidelines or other guidance issued by the SFC.
"Valuation Day"	means each Business Day on which the Net Asset Value of a Sub-Fund and/or the Net Asset Value of a Share or a Class falls to be calculated and in relation to each Dealing Day of any Class or Classes of Shares means either such Dealing Day or such Business Day or day as the Manager may from time to time determine either generally or in relation to a particular Sub-Fund or Class.
"Valuation Point"	unless otherwise specified in the relevant Appendix, means the close of business in the last relevant market to close on a relevant Valuation Day or such other time on that day or such other day as the Manager may from time to time determine either generally or in relation to a particular Sub-Fund or Class.

INTRODUCTION

The Company

The Company is a public umbrella open-ended fund company with variable capital with limited liability, which was incorporated in Hong Kong under the SFO on 3 March 2023 with the company number OF126. It is constituted by way of its Instrument filed to the Companies Registry of Hong Kong on, and effective as of 3 March 2023.

The Company is registered with the SFC under Section 112D of the SFO. The Company and each Sub-Fund is authorised as a collective investment scheme by the SFC under Section 104 of the SFO. SFC registration or authorisation is not a recommendation or endorsement of the Company or a Sub-Fund nor does it guarantee the commercial merits of the Company, any Sub-Fund or their performance. It does not mean that the Company or a Sub-Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

The Sub-Fund(s)

The Company may issue different Classes of Shares and the Company shall establish a separate pool of assets in respect of each Sub-Fund (each such separate pool of assets a "**Sub-Fund**") to which one or more class of Shares shall be attributable. The assets of a Sub-Fund will be invested and administered separately from the other assets of the Company. All assets and liabilities attributable to each Sub-Fund shall be segregated from the assets and liabilities of any other Sub-Funds, and shall not be used for the purpose of, or borne by the assets of, any other Sub-Fund. Each Sub-Fund will have its own Appendix of this Explanatory Memorandum.

The Company reserves the right to establish other Sub-Funds and/or issue further Classes of Shares relating to a Sub-Fund or Sub-Funds in the future in accordance with the provisions of the Instrument.

THE MANAGEMENT OF THE COMPANY AND SUB-FUNDS

The Directors

The Directors of the Company are as follows:

QI Haiying

Ms. QI Haiying has been appointed as an executive director and the Chief Executive Officer of Guotai Junan International Holdings Limited ("**GTJAI**", together with its subsidiaries, the "**GTJA Group**"), which is listed on the Hong Kong Stock Exchange (stock code: 1178.HK), since March 2015 and 14 December 2021, respectively, and is responsible for the overall business management of the GTJA Group. Ms. Qi is concurrently a director of various subsidiaries of GTJAI. Ms. Qi was the Deputy Chief Executive Officer of GTJAI since March 2015 until 13 December 2021. Prior joining to the GTJA Group, Ms. Qi worked for Shenzhen Supervision Bureau of the CSRC and was responsible for regulatory supervision of securities companies and listed companies between 2004 and 2012. In 2012, Ms. Qi joined Guotai Junan Securities Co., Ltd. (stock code: 2611.HK; 601211.SH) ("**Guotai Junan Securities**"), and held the positions as deputy general manager in compliance department and strategic management department respectively.

Ms. Qi holds a master's degree in Financial Economics from the London School of Economics and Political Science (LSE) and a bachelor's degree in International Economics and Trade from the University of International Business and Economics (UIBE) in the PRC.

CHIU Simon Siu Hung

Mr. CHIU Simon Siu Hung has over 30 years of experience in the banking and investment industry in London and Hong Kong. Mr Chiu was a Managing Director at JP Morgan Chase (Asia) from 1994 to 2009, managing the credit trading until 2006 and was then head of proprietary trading from 2006 to 2008. He then managed the Emerging Markets Credit portfolio until he left JP Morgan Chase (Asia) in September 2009. Mr. Chiu joined BNP Paribas, Hong Kong as a Managing Director in September 2009, taking charge of the Credit Trading business for the Asia/Pacific region and then took over the Head of Institutional Sales role taking care of 36 sales professionals in 10 countries. After leaving BNP Paribas, Mr. Chiu joined Guotai Junan Fund Management Limited in July 2015 as a Director and Senior Portfolio Manager and was responsible for running the newly created credit hedge fund. Mr. Chiu then joined the Manager as Co-Chief Investment Officer in February 2017 and was appointed as a Director in July 2017.

Mr. Chiu is licensed as a Responsible Officer with the SFC to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities on behalf of the Manager.

The Manager

The Manager of the Company is Guotai Junan Assets (Asia) Limited.

The Manager was incorporated in Hong Kong with limited liability in August 1995. It is principally engaged in fund management and advisory investment services for corporations, institutions and individual investors. The Manager's experienced investment management team comes from renowned international asset management companies. The team has extensive international investment experience, has achieved outstanding investment performance; and is well versed in many kinds of investment products and services.

The Manager is a wholly-owned subsidiary of GTJAI. The major shareholder of GTJAI is Guotai Junan Securities, an investment bank in the PRC. The Manager acts as the asset management arm of GTJAI.

The Manager is licensed by the SFC for type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO with CE number ADH990. The Manager's licence is subject to the conditions that, (i) in respect of type 1 regulated activity, the Manager shall only engage in activities in relation to collective investment schemes and shall only provide services to professional investors; and (ii) in respect of type 4 regulated activity, the Manager shall only provide services to professional investors.

Under the Instrument, the Manager is responsible for the management of the assets of the Company and each Sub-Fund. The Manager is also responsible, in conjunction with the Custodian, for the maintenance of the financial reports and records of the Company and each Sub-Fund as well as certain other administrative matters relating to the Company and each Sub-Fund.

The Manager may appoint investment managers or investment delegates in relation to specific Sub-Funds (details of any such appointments are set out in the relevant Appendix), subject to the approval of the SFC and at least one month's prior notice to Shareholders (where applicable). Where the investment management functions in respect of a Sub-Fund are delegated to third party investment managers or investment delegates, the Manager will conduct on-going supervision and regular monitoring of the competence of such delegates to ensure that the Manager's accountability to investors is not diminished, and although the investment management role of the Manager may be sub-contracted to third parties, the responsibilities and obligations of the Manager may not be delegated.

The directors of the Manager

The directors of the Manager are as follows:

CHIU Simon Siu Hung

Please refer to Mr. Chiu's biography set out in the section headed "The Directors" above.

AO Qishun

Mr. AO Qishun has been appointed the Chief Financial Officer of the GTJA Group since 14 December 2021. He joined Guotai Junan Securities in 2011 and was the head of information disclosure and investor relations in the planning and finance department and acted as the head of finance of Guotai Junan Financial Holdings Limited, the controlling shareholder of GTJAI. Prior to these roles, he worked for Pricewaterhouse Coopers in Shanghai and Ping An Asset Management Co., Ltd., respectively. Mr. Ao has over 13 years of experience in audit and finance areas.

Mr. Ao obtained a master's degree in Business Administration from the East China Normal University PRC and a bachelor's degree in Investment Economics from the Shanghai University of Finance and Economics. In addition, he is a member of the Chinese Institute of Professional Risk Manager and holds the qualifications as a Certified Professional Risk Manager (CPRM) and an International Project Management Professional (IPMP).

ZHAO Tong

Ms. ZHAO Tong is the Chief Compliance Officer and Head of Legal and Compliance of GTJAI. Ms. Zhao joined Linklaters Hong Kong in 2005 as a lawyer in the Derivatives and Structured Products team. Before joining GTJAI, Ms. Zhao was a senior legal counsel in UBS Hong Kong and Barclays Hong Kong.

Ms. Zhao obtained her legal degrees from the PRC, Hong Kong and the United Kingdom.

LEI Qiang

Mr. LEI Qiang acts as the Assistant CEO of Guotai Junan International Holdings Limited and Head of the Fixed Income, Currencies and Commodities Department, responsible for businesses of fixed income, private equity investment, and private fund management in real estate. Mr. Lei has nearly 20 years of experience in offshore fixed income business.

Before he joined Guotai Junan in 2012, he worked at sales and trading team at the Fixed Income Department of Merrill Lynch and the Structured Finance Department of HVB Group.

Mr. Lei holds both a Bachelor's and a Master's Degree in Physics from National University of Singapore.

WANG Junhong

Mr. WANG Junhong is working as Deputy Chief Executive Officer of Guotai Junan International Holdings Limited since he was appointed at the position in December 2021, and currently he is responsible for overseeing Strategy and Executive Office, Asset Management Department, Research Department, as well as working together with Chairman and CEO to oversee the overall business of the company. Mr. Wang is also the Chairman of Guotai Junan Securities (Vietnam) Limited. Prior to his current position, he was Assistant Chief Executive Officer of the Company and Head of CEO Office during the period from August 2012 to December 2021. Before joining the group in 2012, Mr. Wang had worked for more than 17 years in commercial banking, central bank banking and financial education industry, serving at various management positions in industry-leading entities in both China and the United States.

Mr. Wang holds an MBA degree in Finance from University of Southern California (2002), a Master of Science degree in Economics from Graduate School of People's Bank of China (1995), and a Bachelor of Science degree in Hydraulic Engineering from Tsinghua University (1992). Mr. Wang is a CFA® charter holder and passed the exams of Certified Public Accountant (CPA) by American Institute of Certified Public Account in 2005.

LAI Changhua

Mr. LAI Changhua is the Chief Risk Officer of the GTJA Group since December 2017 and responsible for overall risk management of the Group. He joined Guotai Junan in October 2015. Before that, Mr. Lai held a management role in the risk management departments of several international investment banks, with over 25 years of experience in financial markets and risk management. Mr. Lai holds a master's degree in Economics from the Nankai University, a master's degree in Business Administration from the Western Sydney University and a bachelor's degree in Engineering from the Sichuan University. He is also a certified FRM (Financial Risk Manager) and PRM (Professional Risk Manager).

The Custodian

The Custodian of the Company is BOCI-Prudential Trustee Limited, which incorporated with limited liability in Hong Kong and is a trust company registered under Part VIII of the Trustee Ordinance (Chapter 29 of the Laws of Hong Kong).

Under the Custodian Agreement, the Custodian is responsible for the safekeeping of the Scheme Property, subject to the provisions of the Instrument and the SFO.

The Custodian may appoint a person or persons (including a Connected Person of the Custodian) to be agent, nominee, custodian, joint custodian, co-custodian and/or sub-custodian to hold certain assets of any Sub-Fund and may empower its appointed sub-custodian to further appoint nominees, agents and/or delegates provided that such appointment is made with the prior consent in writing of the Custodian, with the Custodian's agreement in writing or with no objection in writing by the Custodian.

The Custodian must be liable for the acts and omissions of nominees, agents and delegates in relation to assets forming part of the Scheme Property of the Company, provided that the Custodian is not generally expected to be liable for any act, omission, insolvency, liquidation or bankruptcy of any central securities depositary or clearing system. The Custodian shall be liable for the acts and omissions of its nominees, agents and delegates which are Connected Persons of the Custodian as if the same were the acts or omissions of the Custodian. For the purpose of satisfying these obligations in respect of a nominee, agent or delegate that is not a Connected Person of the Custodian, the Custodian shall (i) exercise reasonable care, skill and diligence in the selection, appointment and ongoing monitoring of its nominees, agents and delegates; and (ii) be satisfied that the nominees, agents and delegates retained remain suitably qualified and competent to provide the relevant service.

The Custodian will remain as the primary custodian of the Company until it retires or is removed. The circumstances under which the Custodian may retire or be removed are set out in the Custodian Agreement. Where any Sub-Fund is authorised pursuant to section 104 of the SFO, any change in the Custodian is subject to the SFC's prior approval and the Custodian will remain as the custodian of the Company until a new primary custodian is appointed. Shareholders will be duly notified of any such changes in accordance with the requirements prescribed by the SFC.

The Administrator and the Registrar

BOCI-Prudential Trustee Limited has also been appointed as the Administrator and the Registrar of each Sub-Fund.

Under the Administration Agreement, the Administrator shall carry out certain financial, administrative functions and other services in relation to each Sub-Fund on its behalf and is responsible for, among other things: (i) calculating the Net Asset Value and Net Asset Value per Share of any Class relating to each Sub-Fund, and (ii) the general administration of each Sub-Fund, which includes the proper book keeping of the each Sub-Fund, and arranging the administration of the issue and redemption of Shares of each Sub-Fund.

Under the Registrar Agreement, the Registrar provides services in respect of the establishment and maintenance of the register of Shareholders of each Sub-Fund.

The Auditor

The Directors have appointed Ernst & Young to act as the auditor of the Company and each Sub-Fund (the "**Auditor**"). The Auditor is independent of the Manager and the Custodian.

Conflicts of interest and soft dollars

The Manager and the Custodian may, from time to time, act as manager, sub-investment manager, investment delegate, custodian or in such other capacity in connection with any collective investment scheme separate and distinct from the Company 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 Custodian.

(b) The Custodian, 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 Shareholder or any company or body any of whose shares or securities form part of the relevant Sub-Fund's assets.

(c) The Custodian or the Manager or any of their Connected Persons may become the owner of Shares and hold, dispose or otherwise deal with them with the same rights which it would have had if it had not been the Custodian or the Manager or any of their Connected Persons.

(d) The Custodian, 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 Custodian, 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 Shareholders.

(f) Neither the Custodian nor the Manager nor any of their Connected Persons shall be liable to account to each other or to any Sub-Fund or to the Shareholders 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 Custodian, the Manager 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 Shareholders and will endeavour to ensure that such conflicts are resolved fairly.

Subject to the Laws and Regulations and the Instrument, the Manager, its delegate or any of its 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 units or shares 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 units or shares and there must be no increase in the overall total of annual management fees (or other costs and charges payable to the Manager or any of its Connected Persons) borne by the relevant Sub-Fund.

None of the Manager, its delegates (including investment delegates if any) or any of their Connected Persons shall, retain any cash commission rebates or other payment or benefit (except as otherwise provided for in this Explanatory Memorandum or in the Instrument) 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 relevant Sub-Fund.

The Manager, its delegates (including investment delegates, if any) 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 UT 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 Custodian provided to the Company and each Sub-Fund are not deemed to be exclusive and the Custodian 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 Custodian 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 Custodian in the course of the Custodian 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 Custodian Agreement.

Conflicts of interest may also arise due to the widespread business operations of the Custodian, the Manager, the Administrator or the Registrar (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 Instrument 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, executed on the best available terms and in the best interests of Shareholders. For so long as a Sub-Fund is authorised by the SFC and it is an applicable requirement of the UT Code, the Manager, if transacting with brokers or dealers connected to the Manager, any investment delegates, the Custodian 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 relevant Sub-Fund.

INVESTMENT OBJECTIVE, STRATEGY AND RESTRICTIONS

Investment objective

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

Investment strategy

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

Investment restrictions

Unless otherwise approved by the SFC, the following principal investment restrictions apply to each Sub-Fund under the Company authorised by the SFC:

(A) the aggregate value of the 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 the Sub-Fund, save as permitted by Chapter 8.6(h) and as varied by Chapter 8.6(h)(a) of the UT 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,

for the avoidance of doubt, the restrictions and limitations on counterparty as set out in sub-paragraphs (A) above and (B) below and Chapter 7.28(c) of the UT Code will not apply to FDIs that are: (i) transacted on an exchange where the clearing house performs a central counterparty role; and (ii) marked-to-market daily in the valuation of their FDI positions and subject to margining requirements at least on a daily basis;

(B) subject to paragraph (A) above and Chapter 7.28(c) of the UT Code, the aggregate value of the Sub-Fund's investments in, or exposure to entities within the same group through the following may not exceed 20% of the total Net Asset Value of the Sub-Fund:

- (1) investments in securities issued by such entities;
- (2) exposure to such entities through underlying assets of FDIs; and
- (3) net counterparty exposure to such entities arising from transactions of over-the-counter FDIs;

(C) the value of the 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 may not be in the best interest of investors; or

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

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

(D) ordinary shares issued by a single entity held for the account of the Sub-Fund, when aggregated with other holdings of ordinary shares issued by the same entity held for the account of all other Sub-Funds under the Company collectively may not exceed 10% of the nominal amount of the ordinary shares issued by the entity;

(E) not more than 15% of the total Net Asset Value of the Sub-Fund may be invested in securities and other financial products or instruments that are neither listed, quoted nor dealt in on a Securities Market;

(F) notwithstanding paragraphs (A), (B), (D) and (E) above, 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 UT Code;

(2) any increase in the overall fees and charges directly or indirectly borne by the Shareholders or the Sub-Fund as a result must be clearly disclosed in this Explanatory Memorandum; and

(3) the Sub-Fund must produce the reports required by Chapter 5.10(b) of the UT 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 (A), (B) and (D) above, 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, this limit may be exceeded with the approval of the SFC;

(H) subject to paragraph (G) above, a Sub-Fund may fully invest in government and other public securities in at least six different issues, and subject to the approval of the SFC, a Sub-Fund which has been authorised by the SFC as an index fund may invest all of its assets in government and other public securities in any number of different issues;

(I) unless otherwise approved by the SFC, the Sub-Fund may not invest in physical commodities;

(J) for the avoidance of doubt, exchange traded funds that are:

 (1) authorised by the SFC under Chapter 8.6 or 8.10 of the UT Code; or

 (2) listed and regularly traded on internationally recognised stock exchanges open to the public (nominal listing not accepted) and (a) 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 UT Code; or (b) 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 UT Code,

 may either be considered and treated as (i) listed securities for the purposes of and subject to the requirements in paragraphs (A), (B) and (D) above; or (ii) collective investment schemes for the purposes of and subject to the requirements in paragraph (K) below. However, the investments in exchange traded funds shall be subject to paragraph (E) above and the relevant investment limits in exchange traded funds by a Sub-Fund should be consistently applied and clearly disclosed in the relevant Appendix of a Sub-Fund;

(K) where the Sub-Fund invests in units or shares of other collective investment schemes ("**underlying schemes**"),

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

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

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

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

(B) where the underlying schemes are managed by the Manager, or by other companies within the same group that the Manager belongs to, then paragraphs (A), (B), (D) and (E) are also applicable to the investments of the underlying scheme; and

(C) 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 manager of an underlying scheme or any 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 will be authorised as a feeder fund by the SFC. In this case,

(1) the underlying scheme ("**master fund**") must be authorised by the SFC;

(2) this Explanatory Memorandum must state that:

(a) the Sub-Fund is a feeder fund into the master fund;

(b) 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;

(c) 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

(d) the aggregate amount of all the fees and charges of the Sub-Fund (i.e. feeder fund) and its master fund must be clearly disclosed;

(3) unless otherwise approved by the SFC, no increase in the overall total of initial charges, redemption charges, Manager's annual fee, or any other costs and charges payable to the Manager or any of its Connected Persons borne by the Shareholders 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 same Manager or by its Connected Person;

(4) notwithstanding paragraph (K)(2)(c) above, the master fund may invest in other collective investment scheme(s) subject to the investment restrictions as set out in paragraph (K); and

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

Money market funds

For each Sub-Fund which is authorised by the SFC as a "money market fund" under Chapter 8.2 of the UT Code, the relevant Sub-Fund required to comply with the following investment restrictions:

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

(ii) the Sub-Fund must maintain a portfolio with weighted average maturity of not exceeding 60 days and a weighted average life not exceeding 120 days and must not purchase an instrument with a remaining maturity of more than 397 days, or two years in the case of government and other public securities;

For the purposes herein:

(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;

(iii) notwithstanding the above, the aggregate value of the Sub-Fund's holding of instruments and deposits issued by a single entity may not exceed 10% of the Net Asset Value of the Sub-Fund except:

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

  (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.

(iv) notwithstanding paragraphs (B) and (C) under the section headed "Investment restrictions" above, the aggregate value of the Sub-Fund's investments in Entities within the Same Group through instruments and deposits may not exceed 20% of its total Net Asset Value except:

  (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%;

(v) notwithstanding the borrowing limit as set out under the section headed "Borrowing restrictions" 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;

(vi) 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;

(vii) subject to Chapter 7.32 to 7.38 of the UT Code, the Sub-Fund may engage in sale and repurchase transactions and reverse repurchase transactions in compliance with the following requirements:

  (1) the amount of cash received by the Sub-Fund under sale and repurchase transactions may not in aggregate exceed 10% of its total Net Asset Value;

  (2) the aggregate amount of cash provided to the same counterparty in reverse repurchase agreements may not exceed 15% of the Net Asset Value of the Sub-Fund;

(3) collateral received may only be cash, high quality money market instruments, and may also include, in the case of reverse repurchase transactions, government securities receiving a favourable assessment on credit quality; and

(4) the holding of collateral, together with other investments of the Sub-Fund, must not contravene the investment limitations and requirements set out under this sub-section headed "Money market funds";

(viii) the Sub-Fund may use FDIs for hedging purposes only;

(ix) 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;

(x) 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; and

(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

(xi) 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

Each Sub-Fund shall not:

(A) invest in a security of any class in any company or body if any director or officer of the Manager individually owns more than 0.5% of the total nominal amount of all the issued securities of that class or the directors and officers of the Manager collectively own more than 5% of those securities;

(B) 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 (A), (B), (D), (E) and (K) under the section headed "Investment restrictions" above, where applicable. For the avoidance of doubt, where investments are made in listed REITS, paragraphs (A), (B) and (D) under the section headed "Investment restrictions" above apply and where investments are made in unlisted REITS, which are either companies or collective investment schemes, then paragraphs (E) and (K) under the section headed "Investment restrictions" above apply respectively;

(C) make short sales if as a result the Sub-Fund would be required to deliver securities exceeding 10% of the total Net Asset Value of the Sub-Fund (and for this purpose securities sold short must be actively traded on a market where short selling is permitted). For the avoidance of doubt, 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;

(D) subject to paragraph (E) under the section headed "Investment restrictions" above, lend or make a loan out of the assets of the 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, or 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 UT Code;

(E) enter into any obligation on behalf of the Sub-Fund or acquire any asset or engage in any transaction for the account of the Sub-Fund which involves the assumption of any liability which is unlimited; or

(F) apply any part of the 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 the 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 the Chapter 7.29 and 7.30 of the UT Code.

Borrowing restrictions

The Manager may cause to borrow up to 10% of the total Net Asset Value of a Sub-Fund unless otherwise stated in the relevant Appendix, provided always that back to back borrowings shall not be taken into account when determining whether or not these limits have been breached by the relevant Sub-Fund. For the avoidance of doubt, securities lending transactions and sale and repurchase transactions in compliance with the requirements as set out in Chapters 7.32 to 7.35 of the UT Code are not subject to the limitations in this paragraph.

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

FDIs

Subject to the UT Code and the provisions of the Instrument, the Manager shall have the power on behalf of each Sub-Fund to agree and to enter into any FDI, for hedging or non-hedging (investment) purposes, provided that the exposure to the underlying assets of the FDIs, together with other investments of the relevant Sub-Fund, may not in aggregate exceed the corresponding investment restrictions or limitations applicable to such underlying assets as set out in Chapters 7.1, 7.1A, 7.1B, 7.4, 7.5, 7.11, 7.11A, 7.11B and 7.14 of the UT Code.

Hedging purposes

A Sub-Fund may acquire FDIs for hedging purpose provided that such FDIs shall meet all of the following criteria:

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

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

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

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

Non-hedging (investment) purposes

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, except this limit may be exceeded for Sub-Funds approved by the SFC under Chapter 8.8 (structured funds) or 8.9 (funds that invest extensively in FDIs) of the UT Code. For the avoidance of doubt:

(i) 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;

(ii) 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

(iii) 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.

Restrictions applicable to FDIs

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

(i) 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 (A), (B), (C) and (G) under the section headed "Investment restrictions" above provided that the relevant index is in compliance with Chapter 8.6(e) of the UT Code;

(ii) 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;

(iii) subject to paragraphs (A) and (B) under the section headed "Investment restrictions" above, the Sub-Fund's net counterparty exposure to a single entity arising from transactions of the over-the-counter FDIs may not exceed 10% of the total Net Asset Value of the Sub-Fund. The exposure of the Sub-Fund to a counterparty of over-the-counter FDIs may be lowered by the collateral received (if applicable) by the Sub-Fund and shall be calculated with reference to the value of collateral and positive mark to market value of the over-the-counter FDIs with that counterparty, if applicable; and

(iv) the valuation of the FDIs is marked-to-market daily, subject to regular, reliable and verifiable valuation conducted by the Manager or the Custodian 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 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.

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. For the purposes herein, assets that are used to cover the Sub-Fund's payment and delivery obligations incurred under transactions in FDIs should be free from any liens and encumbrances, exclude any cash or near cash for the purpose of meeting a call on any sum unpaid on a security, and cannot be applied for any other purposes.

Subject to the foregoing paragraph, a transaction in FDIs which gives rise to a future commitment or contingent commitment of a Sub-Fund shall be covered as follows:

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

Where a financial instrument embeds a FDI, the requirements under the section headed "FDIs" above will also apply to the embedded financial derivative. For such purposes, an "embedded financial derivative" is a FDI that is embedded in another security, namely the host contract.

Securities financing transactions

Where indicated in the relevant Appendix, a Sub-Fund may enter into enter into securities lending, sale and repurchase and reverse repurchase transactions (collectively, "**securities financing transactions**") in respect of a Sub-Fund, provided that:

(A) they are in the best interests of the Shareholders;

(B) the associated risks have been properly mitigated and addressed; and

(C) the counterparties to the securities financing transactions are financial institutions which are subject to ongoing prudential regulation and supervision.

Please refer to the section headed "Investment strategy" in each relevant Appendix for the policy regarding such arrangements for each Sub-Fund.

A Sub-Fund which engages in securities financing transactions is subject to the following requirements:

(i) 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;

(ii) 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; and

(iii) it shall ensure that it is able to 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.

Please refer to each Appendix for the use of securities financing transactions for each Sub-Fund.

In addition to the requirements relating to securities financing transactions as set out above, unless otherwise specified under the section headed "Investment strategy" in the relevant Appendix, details of the Manager's policy in relation to securities financing transactions policy are as follows:

(i) each counterparty for such transactions (including a borrower for a securities lending transaction) and the issuer of collateral will be an independent counterparty approved by the Manager and will be a financial institution which is subject to ongoing prudential regulation and supervision. There is no criteria for country of origin of the counterparty. Each counterparty is expected to be (x) incorporated in countries of high credit quality, (y) have a minimum credit rating of A2/P2 or equivalent assigned by reputable credit rating agencies; alternatively, an unrated counterparty will be acceptable where the relevant Sub-Fund is indemnified against losses caused by the counterparty, by an entity which has a minimum credit rating of A2/P2 or equivalent, or (z) be a licensed corporation with the SFC or registered institution with the Hong Kong Monetary Authority when entering into such transactions;

(ii) the relevant Sub-Fund should have at least 100% collateralisation in respect of securities financing transactions. The Custodian, upon the instruction of the Manager, will take collateral, which will be cash or liquid securities with value greater than or equal to the value of the securities lent, and the collateral agent (who may be the Custodian or a third party to be appointed by the Custodian at the direction of the Manager or by the Manager directly, as may from time to time be agreed between them) will review its value on a daily basis to ensure that it is at least of a value equivalent to the borrowed securities, and such collateral must meet the collateral policies described below;

(iii) up to 100% of the assets of the relevant Sub-Fund may be available for such transactions and, unless otherwise specified in the relevant Appendix, the expected level of a Sub-Fund's assets available for these transactions will be up to 100% of the assets of the relevant Sub-Fund;

(iv) the Manager will ensure that it is able to recall the securities or the full amount of cash (as the case may be) subject to the securities financing transactions or terminate such transactions into which it has entered;

(v) where any securities lending transaction is arranged through the Custodian or a Connected Person of the Custodian 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 (the securities lending fee will be disclosed in the connected party transaction section of the relevant Sub-Fund's annual financial reports); and

(vi) custody/safekeeping arrangements, details of which are set out in the section headed "Collateral" below, are in place in respect of the assets subject to the securities financing transactions.

Collateral

A Sub-Fund may receive collateral from a counterparty to over-the-counter FDI transactions and securities financing transactions. A Sub-Fund may receive collateral from each counterparty provided that the collateral complies with the requirements set out below:

(A) Eligible collateral – eligible collateral will be cash or high quality money market instruments, and in case of reverse repurchase transactions, will also include government securities receiving a favourable assessment on credit quality, with value greater than or equal to the value of the securities lent. The collateral agent (who may be the Custodian or a third party to be appointed by the Custodian at the direction of the Manager or by the Manager directly, as may from time to time be agreed between them) will review the value of the collateral on a daily basis to ensure that it is at least of a value equivalent to the borrowed securities, and such collateral must meet the collateral policies described in this sub-section. No maturity constraints will apply to the collateral received;

(B) 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. Collateral should normally trade in a deep and liquid marketplace with transparent pricing;

(C) Valuation – collateral should be marked-to-market daily by using independent pricing source;

(D) 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;

(E) 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;

(F) Diversification – collateral must be appropriately diversified to avoid concentrated exposure to any single entity and/or entities within the same group and the Sub-Fund's exposure to issuer(s) of the collateral should be taken into account in compliance with the investment restrictions and limitations set out in Chapters 7.1, 7.1A, 7.1B, 7.4, 7.5, 7.11, 7.11A, 7.11B and 7.14 of the UT Code;

(G) 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 to the extent that it would undermine the effectiveness of the collateral. 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;

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

(I) Independent custody – collateral must be held by the Custodian of the relevant Sub-Fund;

(J) Enforceability – collateral must be readily accessible/enforceable by the Custodian of the Sub-Fund without further recourse to the issuer of the FDIs, or the counterparty of the securities financing transactions;

(K) Re-investment of collateral – unless otherwise specified in the relevant Appendix and subject to prior consultation with the SFC, and in compliance with the Laws and Regulations, 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 UT Code or regulated in a manner generally comparable with the requirements of the SFC and acceptable to the SFC, and subject to corresponding investment restrictions or limitations applicable to such investments or exposure as set out in Chapter 7 of the UT Code. Non-cash collateral received may not be sold, re-invested or pledged.

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

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

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

(3) 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;

(L) Collateral should be free of prior encumbrances; and

(M) 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.

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

QFI regime

Under current regulations in the PRC, foreign investors can invest only 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 Mainland inter-bank bond market via Northbound Trading Link under Bond Connect

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

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

(i) the "Interim Measures for the Administration of Mutual Bond Market Access between Mainland China and Hong Kong (Decree No.1 [2017])" (in Chinese《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;

(ii) the "Guide on Registration of Overseas Investors for Northbound Trading in Bond Connect" (in Chinese《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

(iii) any other applicable regulations promulgated by the relevant authorities.

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

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

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

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

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

(i) the "Implementation Rules for Filing by Foreign Institutional Investors for Investment in Interbank Bond Markets" (in Chinese《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;

(ii) the "Circular concerning the Foreign Institutional Investors' Investment in Interbank bond market in relation to foreign currency control" (in Chinese《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

(iii) any other applicable regulations promulgated by the relevant authorities.

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

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

SUBSCRIPTION OF SHARES

Initial issue of Shares

During an Initial Offer Period, Shares in a Sub-Fund will be offered to investors at an initial Subscription Price of a fixed price per Share as specified in the relevant Appendix.

If at any time during an Initial Offer Period, the total amount received by the Custodian from the subscription of the Shares of a Sub-Fund reaches a maximum amount for aggregate subscriptions (as specified in the relevant Appendix, if any), the Manager is entitled (but not obliged) to close the Sub-Fund for further subscriptions before the close of the relevant Initial Offer Period.

The Manager may decide not to issue any Shares in the event that less than a minimum amount for aggregate subscriptions in respect of a Sub-Fund or any Class of Shares (as specified in the relevant Appendix, if any) is raised during the relevant Initial Offer Period or if the Manager is of the opinion that it is not commercially viable to proceed. In such circumstances, all subscription monies paid by an applicant will be returned by cheque by post or by telegraphic transfer or such other means as the Manager considers appropriate at the applicant's risk (without interest) promptly after the close of the relevant Initial Offer Period.

Shares will be issued on the Business Day following the close of the relevant Initial Offer Period or such other Business Day as the Manager may determine. Unless otherwise specified in the relevant Appendix, dealing of the Shares will commence on the Dealing Day immediately following the close of the relevant Initial Offer Period.

Monies received from applicants during the Initial Offer Period will not be invested until after the close of the Initial Offer Period. Interest earned, if any, on these monies will accrue for the benefit of the relevant Sub-Fund.

Subsequent issue of Shares

Following the close of the relevant Initial Offer Period, Shares will be available for issue on each Dealing Day at the relevant Subscription Price, unless otherwise specified in the relevant Appendix.

Unless otherwise specified in the relevant Appendix, the Subscription Price on any Dealing Day will be the price per Share of the relevant Class ascertained by dividing the Net Asset Value of such Class as at the Valuation Point in respect of the relevant Dealing Day by the number of Shares of that Class then in issue and rounded to 4 decimal places (0.00005 and above being rounded up; and below 0.00005 being rounded down) or such other rounding as the Manager may determine. Any rounding adjustment will be retained by the relevant Class. The Subscription Price will be calculated and quoted in the Class Currency.

The Manager is entitled to impose a subscription fee on the allotment of any Share. The Manager may, either generally or in any particular case, differentiate as to the amount of the subscription fee to be levied in respect of different Classes of Shares, differentiate between applicants as to the amount of the subscription fee to be levied and/or allow to persons a discount to the subscription fee on such basis or on such scale as the Manager may think fit. The Subscription Fee levied on the issue of any Share shall be payable in addition to the Subscription Price in respect of such Share and shall be retained by or paid to the Manager for its own use and benefit. Details of the subscription fee are set out in the section headed "Expenses and charges" below. The Manager may require an applicant for Shares to pay, in addition to the Subscription Price or the subscription proceeds and any subscription fee, an additional amount which it considers represents an appropriate provision for extraordinary transactional fees or expenses, including stamp duty, other taxes, brokerage, bank charges, transfer fees and registration fees, which are likely to be incurred by the relevant Sub-Fund in investing a sum equal to the subscription monies and issuing the relevant Shares or the remittance of money to the Custodian. Any such additional amount will be retained by the Company and will form part of the assets of the relevant Sub-Fund.

Application procedure

To subscribe for Shares, an applicant should complete the application form supplied with this Explanatory Memorandum and return the original form, together with the required supporting documents, to the Administrator.

Unless otherwise specified in the relevant Appendix, applications for Shares during the relevant Initial Offer Period, together with cleared funds, must be received by no later than 11:00 am (Hong Kong time) on the last day of the relevant Initial Offer Period. After the close of the Initial Offer Period, applications must be received by the relevant Dealing Deadline, unless otherwise specified in the relevant Appendix. Unless otherwise specified in the relevant Appendix, if any application is received after the relevant Dealing Deadline in respect of a Dealing Day, then the application will be deemed to have been received on the next Dealing Day following such receipt or such other day as the Manager may in its absolute discretion determine.

Applications for subscription may be made in writing by post or sent via fax or electronic means accepted by the Directors. Unless otherwise agreed by the Administrator, application forms that are sent via fax or electronic means accepted by the Directors to the Administrator must always be followed by their original promptly. Applicants who choose to send an application form by fax or electronic means accepted by the Directors bear the risk of the form being illegible, mis-delivered or not being received by the Administrator Applicants should therefore, for their own benefit, confirm with the Administrator safe receipt of an application form. None of the Company, the Directors, the Administrator, the Registrar, the Custodian, the Manager or their respective delegates or agents will be responsible to an applicant for any loss arising as a result of the non-receipt or illegibility of such transmission or any loss caused in respect of any action taken as a consequence of instructions believed in good faith to have originated from the applicant. This is notwithstanding the fact that a transmission report produced by the originator of such transmission discloses that such transmission was sent.

Each applicant whose application is accepted will be sent a contract note by the Administrator confirming details of the purchase of Shares but no certificates will be issued.

Applicants may apply for Shares 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 Shares through a distributor should therefore consult the distributor for details of the relevant dealing procedures.

Where an applicant applies for Shares through a distributor, the Manager and the Administrator will treat the distributor (or its nominee) as the applicant. The distributor (or its nominee) will be registered as Shareholder of the relevant Shares. The Manager and the Administrator will treat the distributor (or its nominee) as the Shareholder and shall not be responsible for any arrangements between the relevant applicant and the distributor regarding the subscription, holding and redemption of Shares and any related matters, as well as any costs or losses that may arise therefrom.

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

The Manager may reject in whole or in part any application for Shares without giving any reason for doing so. In the event that an application is rejected in whole or in part, the subscription monies received, or the balance thereof, shall be returned to the applicant (without interest) by such means as the Manager considers appropriate.

No applications for Shares will be dealt with during any periods in which the determination of the Net Asset Value of the relevant Sub-Fund is suspended (for details see the section headed "Suspension of determination of Net Asset Value" below).

Payment procedure

Subscription monies should be paid in the currency in which the relevant Class of Shares is denominated. Payment details are set out in the application form.

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

Unless otherwise specified in the relevant Appendix, no Shares of a Sub-Fund will be issued unless and until the relevant subscription monies have been received in cleared funds by or on behalf of the Company for the account of the relevant Sub-Fund. If payment in full in cleared funds is not received by such time as aforesaid, the application may, unless the Manager determines otherwise, be rejected and, if Shares are issued prior to receipt of the payment, the Directors may cancel the relevant allotment of Shares. Upon such cancellation, the relevant Shares are deemed never to have been issued and the applicant has no right to claim against the Company in respect of any loss, damages, liability, costs or expenses the applicant incurs as a result of such cancellation. The Company may charge the applicant (and retain for the account of the relevant Sub-Fund) a cancellation fee of such amount as the Directors may from time to time determine to represent the administrative costs involved in processing the application for such Shares from such applicant. The Manager may require the applicant to pay, for the account of the relevant Sub-Fund, in respect of each Share so cancelled, the amount (if any) by which the Subscription Price of each such Share exceeds the Redemption Price which would have applied in relation to each cancelled Share on the date on which the Share is cancelled.

Unless the applicant has made arrangements with the Administrator to make payment in some other currency or by some other method, payment must be made in the Class Currency of the Shares by telegraphic transfer to the account specified in the application form. Subscription monies other than in the relevant Class Currency will be converted into the relevant Class Currency (or the Base Currency of the relevant Sub-Fund) and all bank charges and other conversion costs will be deducted from the subscription monies before investment in Shares. The currency conversion into the relevant Class Currency (or Base Currency, as the case may be) shall be effected by the Administrator on the instruction of the Manager at the applicant's risk at market rates and expenses. None of the Company, the relevant Sub-Fund, the Manager or the Administrator will be liable to any Shareholder for any loss suffered by such Shareholder arising from such currency conversion.

Suspension of allotment or issue of Shares

No Share of a Class shall be allotted or issued during any period when determination of the Net Asset Value of the Company or the relevant Sub-Fund is suspended (please refer to the section headed "Suspension of determination of Net Asset Value" below for details), or when the Manager has suspended the issuance of Shares of the relevant Class. The Manager may, in consultation with the Custodian, suspend the allotment or issue of Shares of any Class for the whole or any part of any period:

(A) during which there is a closure (other than customary weekend and holiday closing) of, or restriction or suspension of trading on, any Securities Market on which a substantial part of the investments of the Company or a Sub-Fund is normally traded;

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

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

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

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

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

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

(H) during which the business operations of the Manager, the Administrator, the Custodian or their delegates in respect of the Company are substantially interrupted or closed as a result of or arising from sabotage, storm, tempest, typhoon, earthquake, accident, fire, flood, explosion, toxicity, radioactivity, acts of God, act of any government or other competent authority, hostilities (whether war be declared or not), act of terrorism, riot, civil commotion, strikes or industrial action of any kind, insurrection, rebellion or other cause, which is beyond the reasonable control of the relevant party.

Any suspension in respect of the allotment or issue of Shares of a Class shall take effect at such time as the Manager shall declare but not later than the close of business on the next Business Day following the declaration. There shall be no allotment or issue of Shares of the relevant Class until the Manager shall declare the suspension at an end, except that such suspension shall terminate in any event on the first Business Day on which: (i) the condition giving rise to the suspension shall have ceased to exist; and (ii) no other condition under which suspension is authorised shall exist.

General

All holdings of Shares will be in registered form and certificates will not be issued. Evidence of title of Shares will be the entry on the register of Shareholders in respect of each Sub-Fund. Shareholders should therefore be aware of the importance of ensuring that the Registrar is informed of any change to the registered details. Fractions of Shares may be issued calculated to 4 decimal places or such other number of decimal places (if any) as specified in the relevant Appendix. Subscription monies representing smaller fractions of a Share will be retained by the Company for the benefit of the relevant Sub-Fund. A maximum of 4 persons may be registered as joint Shareholders.

REDEMPTION OF SHARES

Redemption procedure

Shareholders who wish to redeem their Shares in a Sub-Fund may do so on any Dealing Day by submitting a redemption request to the Administrator.

Any redemption request must be received by the Administrator before the Dealing Deadline. Investors redeeming Shares through a distributor or a nominee should submit their redemption requests to the distributor or nominee in such manner as directed by the distributor or nominee. Distributors and nominees may have different dealing procedures, including earlier cut-off times for receipt of redemption requests. Where an investor holds its investment in Shares through a nominee, the investor wishing to redeem Shares must ensure that the nominee, as the registered Shareholder, submits the relevant redemption request by the Dealing Deadline. A redemption request received after the applicable Dealing Deadline in respect of any Dealing Day will be treated as a request for the redemption of the relevant Shares on the next Dealing Day following such receipt or such other day as the Manager may in its absolute discretion determine.

Redemption requests may be made in writing by post or sent via fax or electronic means accepted by the Directors and must specify the name of the Sub-Fund, the Class (if applicable) and the value or number of Shares to be redeemed, the name(s) of the registered Shareholder(s) and give payment instructions for the redemption proceeds.

Unless otherwise agreed by the Administrator, redemption requests that are sent via fax or electronic means accepted by the Directors must always be promptly followed by their original. Shareholders who choose to send the redemption request by fax or electronic means accepted by the Directors bear the risk of the request being illegible or not being received by the Administrator. Shareholders should therefore, for their own benefit, confirm with the Administrator safe receipt of a redemption request. None of the Company, the Directors, the Administrator, the Registrar, the Custodian, the Manager or their respective delegates or agents will be responsible to a Shareholder for any loss howsoever arising as a result of the non-receipt, mis-delivery or illegibility of such transmission or any loss caused in respect of any action taken as a consequence of instructions believed in good faith to have originated from the Shareholder. This is notwithstanding the fact that a transmission report produced by the originator of such transmission discloses that such transmission was sent.

Partial redemption of a holding of Shares in a Sub-Fund by a Shareholder may be effected, provided that such redemption will not result in the Shareholder holding less than the minimum holding amount of Shares of the relevant Class specified in the relevant Appendix (if any). In the event that, for whatever reason, a Shareholder's holding of Shares is less than such minimum holding amount, the Manager may give notice requiring such Shareholder to submit a redemption request in respect of such Shares. A request for a partial redemption of Shares with an aggregate value of less than the minimum amount specified in the relevant Appendix (if any) will not be accepted.

Payment of redemption proceeds

Unless otherwise specified in the relevant Appendix, the Redemption Price on any Dealing Day will be the price per Share of the relevant Class ascertained by dividing the Net Asset Value of such Class as at the Valuation Point in respect of the relevant Dealing Day by the number of Shares of that Class then in issue and rounded to 4 decimal places (0.00005 and above being rounded up; below 0.00005 being rounded down) or such other rounding as the Manager may determine. Any rounding adjustment will be retained by the relevant Class. The Redemption Price will be calculated and quoted in the Class Currency.

The Manager may at its option impose a redemption fee in respect of the Shares to be redeemed as described in the section headed "Expenses and charges" below. The Manager may, either generally or in any particular case, differentiate as to the amount of the redemption fee to be levied in respect of different Classes of Shares and/or allow to persons a discount to the redemption fee on such basis or on such scale as the Manager may think fit. The redemption fee shall be retained by or paid to the Manager for its own absolute use and benefit.

The Manager is entitled to deduct an additional amount which it considers represents an appropriate provision for extraordinary transactional fees or expenses, including stamp duty, other taxes, brokerage, bank charges, transfer fees and registration fees, which are likely to be incurred in selling the Investments constituting the relevant Sub-Fund or the remittance of money to the Custodian. Any such additional amount will be retained by the Company and will form part of the relevant Sub-Fund.

The amount due to a Shareholder on the redemption of a Share will be the Redemption Price, less any redemption fee and any additional amount referred to in the foregoing paragraph.

Redemption proceeds will not be paid to any redeeming Shareholder until (a) unless otherwise agreed in writing by the Administrator and the Manager, the written original of the redemption request duly signed by the Shareholder has been received by the Administrator; and (b) the signature of the Shareholder (or each joint Shareholder) has been verified to the satisfaction of the Company or its duly authorised agents. In accordance with the relevant Sub-Fund's anti-money laundering (AML) obligations, requests for transfer or payment of redemption proceeds will not be effected until receipt of all outstanding information and identification documents. None of the Company, the Directors, the Administrator, the Registrar, the Custodian, the Manager or their respective delegates or agents accept any responsibility for any loss caused as a result of any such delay for refusal to process transfer requests or effect payment of redemption proceeds (as the case may be) and claims for payment of interest due to such delays are not accepted.

Subject as mentioned above, and save as determined by the Directors at the request or with the agreement of the redeeming Shareholder, and so long as relevant account details have been provided, redemption proceeds will normally be paid in the relevant Class Currency by telegraphic transfer, within 7 Business Days after the relevant Dealing Day and in any event within one calendar month of the relevant Dealing Day or (if later) receipt by the Company or its duly authorised agents of a duly completed redemption request and such other documents and information as the Directors may reasonably require, unless the market(s) in which a substantial portion of the relevant Sub-Fund's investments is made is subject to legal or regulatory requirements (such as foreign currency controls) thus rendering the payment of redemption proceeds within the aforesaid time period not practicable, but in such a case the details of such legal or regulatory requirements will be set out in the relevant Appendix and the extended time frame for payment should reflect the additional time needed in light of the specific circumstances in the relevant market(s). All bank charges and other conversion costs associated with the payment of such redemption proceeds will be borne by the redeeming Shareholder and deducted from the redemption proceeds.

Payment will only be made to a bank account in the name of the Shareholder. No third party payments will be made.

The Instrument provides that redemptions may be, in whole or in part, made in specie at the discretion of the Manager. However, the Manager does not intend to exercise this discretion in respect of any Sub-Fund unless otherwise specified in the relevant Appendix. In any event, redemptions may only be made in specie, in whole or in part, with the consent of the Shareholder requesting the redemption.

Suspension of redemption of Shares

A Shareholder's right to redeem Shares shall be suspended during any period when determination of the Net Asset Value of the Company or the relevant Sub-Fund or the relevant Class is suspended (please refer to the section headed "Suspension of determination of Net Asset Value" below for details) or when the Manager has determined to suspend the redemption of the relevant Class of Shares.

The Manager may, in consultation with the Custodian, suspend the right of Shareholders to redeem Shares of any Class and/or the payment of the Redemption Price for the whole or any part of any period:

(A) during which there is a closure (other than customary weekend and holiday closing) of, or restriction or suspension of trading on, any Securities Market on which a substantial part of the investments of the Company or a Sub-Fund is normally traded;

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

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

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

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

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

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

(H) during which the business operations of the Manager, the Administrator, the Custodian or their delegates in respect of the Company are substantially interrupted or closed as a result of or arising from sabotage, storm, tempest, typhoon, earthquake, accident, fire, flood, explosion, toxicity, radioactivity, acts of God, act of any government or other competent authority, hostilities (whether war be declared or not), act of terrorism, riot, civil commotion, strikes or industrial action of any kind, insurrection, rebellion or other cause, which is beyond the reasonable control of the relevant party.

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

Deferred redemption

With a view to protecting the interests of Shareholders and unless otherwise specified in the relevant Appendix, the Manager in consultation with the Custodian may limit the total Net Asset Value of Shares of a Sub-Fund which Shareholders are entitled to redeem on any Dealing Day to 10% or, subject to the acceptance of the SFC, such other percentage as the Manager may determine either generally or in respect of any particular Dealing Day, of the total number or value of Shares of the relevant Class in issue on such Dealing Day. In this event, the limitation will be applied pro rata to all Shareholders seeking to redeem Shares on the relevant Dealing Day. Shares that are not redeemed but which would otherwise have been redeemed will be redeemed on the next succeeding Dealing Day for such Shares (subject to any further deferral on any subsequent Dealing Day) in priority to any other Shares in the relevant Sub-Fund for which redemption requests have been received. If requests for redemption are so carried forward, the Manager will give notice to the affected Shareholders.

Compulsory redemption

If the Directors reasonably suspect that any Shares are owned directly, indirectly or beneficially by any person or persons (i) who is an Ineligible Investor; (ii) in circumstances (whether directly or indirectly affecting such person or persons and whether taken alone or in conjunction with any other persons, connected or not, or any other circumstances appearing to the Manager to be relevant) which, in the opinion of the Manager, might result in the Company, the Manager, the Custodian or the relevant Sub-Fund incurring or suffering any liability to taxation or suffering any other potential or actual pecuniary disadvantage or would subject the Manager, the Custodian or the relevant Sub-Fund to any additional regulation which the Company, the Manager, the Custodian or the relevant Sub-Fund might not otherwise have incurred or suffered to which the Company, the Manager, the Custodian or the relevant Sub-Fund might not otherwise have been subject; or (iii) in breach of any applicable law or applicable requirements of any country/region or governmental authority, the Directors may give notice to the relevant Shareholder requiring him to transfer such Shares to a person who would not thereby be in contravention of any such restrictions as aforesaid within 30 days of the date of the notice or take such other actions as they reasonably believe are required by the Laws and Regulations. If any Shareholder upon whom such a notice is served pursuant to the Instrument does not, within 30 days of the date of such notice, transfer such Shares as aforesaid or establish to the satisfaction of the Directors (whose judgment shall be final and binding) that such Shares are not held in contravention of any such restrictions, he shall be deemed to have given a redemption request in respect of the relevant Shares on the notice.

SWITCHING

The Manager may from time to time permit Shareholders to switch some or all of their Shares of any Class of a Sub-Fund (the "**Existing Class**") into Shares of another Class of the same Sub-Fund or of another Sub-Fund (the "**New Class**"), as specified in the relevant Appendix. Where permitted, Shareholders may request switching by giving notice in writing by post or via fax or electronic means accepted by the Directors. A Shareholder who chooses to send the request by fax or other electronic means accepted by the Directors bears the risk of the request being illegible or not being received by the Administrator. Shareholders should therefore, for their own benefit, confirm with the Administrator safe receipt of a switching request. None of the Company, the Directors, the Administrator, the Registrar, the Custodian, the Manager or their respective delegates or agents shall be responsible to any Shareholder for any loss arising as a result of the non-receipt or illegibility of such transmission or any loss caused in respect of any action taken as a consequence of instructions believed in good faith to have originated from the Shareholder. This is notwithstanding the fact that a transmission report produced by the originator of such transmission discloses that such transmission was sent.

Unless otherwise determined by the Manager, a request for the switching of part of a holding of Shares will not be effected if, as a result, the Shareholder would hold less than the minimum holding amount specified for the New Class (if any). The Administrator has discretion to accept applications received after the Dealing Deadline provided they are received before the Valuation Point relating to the relevant Switching Redemption Day (as defined below).

Under the Instrument, the Manager is entitled to impose a switching fee on the switching of Shares of up to 5% of the Redemption Price of each Share of the Existing Class converted or the subscription price of each share of the New Class subscribed. The switching fee will be deducted from the amount reinvested in the New Class and will be retained by or paid to the Manager for its own absolute use and benefit.

Any switching request must be received by the Administrator prior to the Dealing Deadline applicable to the Existing Class and the Dealing Deadline applicable to the New Class. Where a request for switching is received by the Administrator in respect of a Dealing Day, switching will be effected as follows:

(A) redemption of the Shares of the Existing Class will be dealt with by reference to the Redemption Price on that Dealing Day (the "**Switching Redemption Day**");

(B) where the Existing Class and the New Class have different Class Currencies, the redemption proceeds of Shares of the Existing Class, after deduction of any switching fee, shall be converted into the Class Currency of the New Class; and

(C) the resulting amount will be used to subscribe for Shares of the New Class at the relevant Subscription Price on the Dealing Day in respect of the New Class (the "**Switching Subscription Day**").

The Switching Subscription Day shall be the same day as the Switching Redemption Day (and in the case where the relevant Dealing Day of the Existing Class is not a Dealing Day in respect of the New Class, the Switching Redemption Day will be the following Dealing Day that is a Dealing Day of the New Class), provided that cleared funds in the Class Currency of the New Class shall be received within such period as determined by the Manager. In the event that cleared funds are not received within the applicable period, the Switching Subscription Day shall be the day on which cleared funds in the Class Currency of the New Class are received by the Dealing Deadline of the New Class, unless otherwise determined by the Manager.

The Manager may suspend the switching of Shares during any period in which the determination of the Net Asset Value of the relevant Cass or Shares of the relevant Sub-Fund is suspended (for details see the section headed "Suspension of determination of Net Asset Value" below). Shares will not be switched when the Manager has determined that subscriptions for Shares of the New Class or redemptions of Shares of the Existing Class are closed.

Details of the switching policy and switching fee (if any) relating to each Class of Shares are set out in the relevant Appendix.

VALUATION

Valuation rules

The Net Asset Value of each Sub-Fund will be calculated by valuing the assets of the Sub-Fund and deducting the liabilities attributable to the Sub-Fund. These liabilities include, without limitation, any management fee, performance fee, custodian fee, any taxes, any borrowings and the amount of any interest and expenses thereon, any other costs or expenses expressly authorised by the Instrument, and an appropriate allowance for any contingent liabilities.

Where a Sub-Fund has more than one Class of Shares, to ascertain the Net Asset Value of a Class of Shares, a separate Class account (a "**Class Account**") will be established in the books of the Sub-Fund. An amount equal to the proceeds of issue of each Share will be credited to the relevant Class Account. Any increase or decrease in the Net Asset Value of the Sub-Fund (disregarding for these purposes any increase in the Net Asset Value due to new subscriptions or decreases due to redemptions or any designated Class Adjustments (as defined below)) will be allocated to the relevant Class Account on a pro-rata basis based on the previous Net Asset Value of each such Class Account. There will then be allocated to each Class Account the "**designated Class Adjustments**" being those costs, pre-paid expenses, losses, dividends, profits, gains and income which the Manager determines relate to a single Class.

The value of the assets of a Sub-Fund will be determined as at each Valuation Point in accordance with the Instrument. The Instrument provides (inter alia) that:

(A) the value of any investments (other than a commodity, futures contract or an interest in a collective investment scheme) quoted, listed, traded or dealt in on any Securities Market will be valued by reference to the price appearing to the Manager to be the last traded price or the "exchange close" price as calculated and published by the relevant exchange of that market in accordance with its local rules and customs, provided that:

   (1) if an investment is quoted, listed, traded or dealt in on more than one such market, the Manager shall adopt the last traded price or the exchange close price as published by the market in accordance with its local rules and customs which, in the opinion of the Manager, provides the principal market for such investment, provided that if the Manager considers that the prices published on a Securities Market other than the principal market for such investment provides, in all circumstances, a fairer criterion of value in relation to any such investment, such prices may be adopted;

   (2) if prices on such market are not available at the relevant time, the value of the investment shall be certified by such firm or institution making a market in such investment or by the Manager after consultation with the Custodian;

   (3) interest accrued on any interest-bearing investments shall be taken into account, unless such interest is included in the quoted or listed price; and

   (4) the Manager or the Administrator shall be entitled to use and rely on electronically transmitted data from such source or sources or pricing systems as they may from time to time think fit and the prices provided by any such source or pricing system shall be deemed to be the last traded prices for the purposes of valuation;

(B) the value of any investment (other than a commodity or an interest in a collective investment scheme) which is not quoted, listed, traded or ordinarily dealt in on any Securities Market shall initially be the amount expended out of the assets of the Sub-Fund in the acquisition of such investment (including, in each case the amount of stamp duties, commissions and other expenses incurred in the acquisition thereof and the vesting thereof in the Custodian). Thereafter the Manager may at any time in consultation with the Custodian (and shall at such times or at such intervals as the Custodian shall request) cause a revaluation to be made by reference to the latest bid price, asked price or mean thereof, as the Manager considers appropriate, quoted by a person, firm or institution making a market in such investment or otherwise approved by the Custodian as qualified to value such investment (which may, if the Custodian agrees, be the Manager);

(C) 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 Custodian, any adjustment should be made to reflect the value thereof;

(D) the value of any commodity shall be ascertained in accordance with the following:

(1) if a commodity is dealt in on any recognised commodities market, then the Manager shall have regard to the latest ascertainable price ruling or officially fixed on such recognised commodities market or (if there shall be more than one such recognised commodities market) on such recognised commodities market as the Manager, in consultation with the Custodian, shall consider appropriate;

(2) if any such price as referred to in (1) is not, in the opinion of the Manager, reasonably up-to-date or is not ascertainable at any relevant time, then the Manager shall have regard to any certificate as to the value of such commodity provided by a firm or institution making a market in such commodity;

(3) the value of any futures contract (the "**relevant Contract**"), to the extent that it is not determined in accordance with (1) or (2), shall be valued:

(a) where the relevant Contract is for the sale of a commodity, by subtracting, from the contract value of the relevant Contract, the sum of the amount determined by the Manager (based on the latest available price) to be the contract value of such futures contract as would be required to be entered into by the Manager for the account of the Sub-Fund in order to close the relevant Contract and the amount expended out of the Sub-Fund in entering into the relevant Contract (including the amount of all stamp duties, commissions and other expenses but excluding any deposit or margin provided in connection therewith); and

(b) where the relevant Contract is for the purchase of a commodity, by subtracting, from the amount determined by the Manager (based on the latest available price) to be the contract value of such futures contract as would be required to be entered into by the Manager for the account of the Sub-Fund in order to close the relevant Contract, the sum of the contract value of the relevant Contract and the amount expended out of the Sub-Fund in entering into the relevant Contract (including the amount of all stamp duties, commissions and other expenses but excluding any deposit or margin provided in connection therewith); and

(4) if the provisions of (1) and (2) do not apply to the relevant commodity, then the value shall be determined in accordance with (B) above as if such commodity were an unquoted investment;

(E) the value of each unit, share or other interest in any collective investment scheme which is valued as at the same day as the relevant Sub-Fund shall be the net asset value per unit, share or other interest in such collective investment scheme calculated as at that day or, if the Manager so determines, or if such collective investment scheme is not valued as at the same day as the relevant Sub-Fund, shall be the last published net asset value per unit, share or other interest in such collective investment scheme (where available) or (if the same is not available) the last published bid price for such a unit, share or other interest, provided that if no net asset value and bid prices are available, the value thereof shall be determined from time to time in such manner as the Manager shall determine in consultation with the Custodian;

(F) notwithstanding paragraphs (A) to (E) above, the Manager may, upon consultation with the Custodian, adjust the value of any cash, deposits and/or investments or permit some other method of valuation to be used if such adjustment is required to reflect the fair value of the investment provided that such adjustment may only be made in compliance with the Laws and Regulations; and

(G) the value (whether of a liability or an investment or cash) and any borrowing in a currency other than the Base Currency of the Sub-Fund or the Class Currency of the relevant Class will be converted into the Base Currency of the relevant Sub-Fund or the Class Currency of such Class (as the case may be) at the rate (whether official or otherwise) which the Custodian or its delegates or the Manager (after consultation with the Custodian) shall deem appropriate in the circumstances having regard to any premium or discount which may be relevant and to costs of exchange.

Suspension of determination of Net Asset Value

Subject to the Laws and Regulations and the Instrument, the Manager may, in consultation with the Custodian, suspend the determination of the Net Asset Value of the Company or of any Sub-Fund or of any Class of Shares, the allotment or issue of Shares of any Class and/or the right of Shareholders to redeem or switch Shares of any Class and/or the payment of the Redemption Price for the whole or any part of any period:

(A) during which there is a closure (other than customary weekend and holiday closing) of, or restriction or suspension of trading on, any Securities Market on which a substantial part of the investments of the Company or a Sub-Fund is normally traded;

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

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

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

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

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

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

(H) during which the business operations of the Manager, the Administrator, the Custodian or their delegates in respect of the Company are substantially interrupted or closed as a result of or arising from sabotage, storm, tempest, typhoon, earthquake, accident, fire, flood, explosion, toxicity, radioactivity, acts of God, act of any government or other competent authority, hostilities (whether war be declared or not), act of terrorism, riot, civil commotion, strikes or industrial action of any kind, insurrection, rebellion or other cause, which is beyond the reasonable control of the relevant party.

During a period of suspension:

(i) where the suspension is in respect of the determination of the Net Asset Value, there shall be no determination of the Net Asset Value of the Company or the relevant Sub-Fund or the relevant Class (as applicable) (although an estimated Net Asset Value may be calculated and published) and any application for issue or request for redemption of Shares of the Company or the relevant Sub-Fund or the relevant Class (as applicable) shall be similarly suspended; and

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

Any such suspension shall take effect at such time as the Manager shall declare but not later than the close of business on the next Business Day following the declaration, and there shall be no determination of the Net Asset Value of the Company or of the relevant Sub-Fund or of the relevant Class and/or allotment or issue of Shares of the relevant Class and/or redemption of Shares of the relevant Class by Shareholders (as the case may be) until the Manager shall declare the suspension at an end, except that such suspension shall terminate in any event on the first Business Day on which:

(i) the condition giving rise to the suspension shall have ceased to exist; and

(ii) no other condition under which suspension is authorised shall exist.

Each declaration of suspension by the Manager shall be consistent with the Laws and Regulations. Whenever the Manager shall declare a suspension, the Manager (i) shall, immediately after any such declaration notify the SFC of such suspension; and (ii) shall, immediately after any such declaration and at least once a month during the period of such suspension, publish a notice on the Manager's website at www.gtjai.com (this website has not been reviewed by the SFC) that such declaration has been made.

No Shares in a Sub-Fund may be allotted, issued, switched and/or redeemed during such a period of suspension.

Publication of Net Asset Value

The latest Subscription Price and Redemption Price in respect of Shares and the Net Asset Value per Share of each Sub-Fund are available on the Manager's website at www.gtjai.com (this website has not been reviewed by the SFC).

EXPENSES AND CHARGES

There are different levels of fees and expenses applicable to investing in each Sub-Fund as set out below. For information concerning actual fees payable in respect of each Sub-Fund, please refer to the relevant Appendix.

Fees payable by Shareholders

The following fees and charges are payable by Shareholders:

Subscription fee

Under the Instrument, the Manager is entitled to impose a subscription fee on the issue of Shares of any Sub-Fund of up to a maximum of 5% of the Subscription Price.

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

Redemption fee

Under the Instrument, the Manager is entitled to impose a redemption fee on the redemption of Shares of any Sub-Fund of up to a maximum of 10% of the Redemption Price.

The redemption fee is deducted from the redemption proceeds payable to a Shareholder in respect of the redemption of Shares. The Manager may, in its absolute discretion, waive or reduce the payment of all or any portion of the redemption fee (either generally or in any particular case) of a Sub-Fund.

Switching fee

Under the Instrument, the Manager is entitled to impose a switching fee on the switching of Shares of up to 5% of the Redemption Price payable in respect of the Shares of the Existing Class being switched or the Subscription Price payable in respect of the Shares of the New Class subscribed.

The switching fee is deducted from the amount realised from redemption of the Existing Class and reinvested in the New Class. The Manager may, in its absolute discretion, waive or reduce the payment of all or any portion of the switching fee (either generally or in any particular case) of a Sub-Fund.

Fees payable by the Sub-Fund

The following fees and charges are payable out of the assets of each Sub-Fund:

Management fee

The Instrument provides that the Manager is entitled to a management fee in respect of each Sub-Fund it manages, the maximum amount of which is equal to 3% per annum of the Net Asset Value of the relevant Sub-Fund. Any increase in the management fee in respect of a Sub-Fund (i) up to this maximum level, will only be implemented after giving at least one month's notice (or such period of notice as the SFC may require) to the affected Shareholders; and (ii) beyond this maximum level, will be subject to approval by way of a Special Resolution. The management fee will be accrued as at each Valuation Day and will be payable monthly in arrears.

The Manager may share any fees, charges or amounts it receives in its capacity as manager of the Sub-Funds with any persons who distribute or otherwise procure subscriptions to the Sub-Fund. A distributor or intermediary may further re-allocate an amount of such fees, charges or amounts to its sub-distributor(s).

Performance fee

The Manager may also charge a performance fee in respect of any Sub-Fund. Details of any performance fee are set out in the relevant Appendix.

Custodian fee

The Instrument provides that the Custodian is entitled to a custodian fee in respect of each Sub-Fund, the maximum amount of which is equal to 1% per annum of the Net Asset Value of the Sub-Fund. Any monthly minimum referred to in the Appendix is subject to and does not override the maximum level of custodian fee stated above. Any increase in the custodian fee in respect of a Sub-Fund (i) up to this maximum level, will only be implemented after giving at least one month's notice (or such period of notice as the SFC may require) to the affected Shareholders; and (ii) beyond this maximum level, is subject to approval by way of a Special Resolution. The custodian fee will be accrued as at each Valuation Day and will be payable monthly in arrears.

Directors' remuneration and expenses

Under the Instrument, the Directors shall be entitled to remuneration for their services as Directors up to an amount per annum equivalent to US$100,000 per Director and, where payable, such remuneration shall be allocated fairly as between Sub-Funds by reference to their respective Net Asset Values. As at the date of this Explanatory Memorandum, Ms. QI Haiying and Mr. CHIU Simon Siu Hung have waived their entitlements to receive a Director's fee.

The Company may pay any travelling, accommodation and other expenses properly incurred by Directors in connection with their attendance at meetings of Directors, general meetings, separate meetings of the Shareholders or any Sub-Fund or Class of Shareholders or the exercise of their powers and the discharge of their responsibilities in relation to the Company.

Other charges and expenses

Each Sub-Fund will bear the costs set out in the Instrument which are directly attributable to it. Where such costs are not directly attributable to a Sub-Fund, such costs will be allocated between all Sub-Funds pro-rata to the Net Asset Value of each Sub-Fund, unless otherwise determined by the Manager after consultation with the Custodian and/or the Auditor. Such costs include but are not limited to the costs of investing and realising the investments of a Sub-Fund, the fees and expenses of safekeeping of the assets of the Company and each Sub-Fund, any fees, charges or expenses (including without limitation, stamp duty) incurred in connection with counterparty risk management procedures, the fees and expenses of any administrators, auditors, valuation costs, legal fees, the costs incurred in connection with any listing or regulatory approval, the costs of holding meetings of Shareholders and the costs incurred in the preparation and printing of any explanatory memorandum and preparation and printing of any financial statements. The Manager may in its discretion bear part of or all of the costs attributable to a Sub-Fund set out in this section.

Expenses arising out of any advertising or promotional activities in connection with any Sub-Fund authorised by the SFC will not be charged to the Company or that Sub-Fund.

Establishment costs

The costs of establishing the Company and the first and second Sub-Funds, being Guotai Junan HKD Money Market Fund and Guotai Junan USD Money Market Fund, are estimated to be approximately HKD1 million. Such costs are charged to and amortised over the first 5 accounting periods of the first and second Sub-Funds in equal shares (or such other period as determined by the Manager after consultation with the auditors of the Sub-Fund). Where subsequent Sub-Funds under the Company are established, the Manager may determine that the unamortised establishment costs of the Company (if any) or a part thereof may be re-allocated to such subsequent Sub-Funds.

Unless otherwise specified in the relevant Appendix, the costs of establishing a subsequent Sub-Fund will be charged to the relevant Sub-Fund and amortised over such period as the Manager may determine after consultation with the auditors, and details are set out in the relevant Appendix.

Investors should also note that under IFRS, establishment costs should be expensed as incurred and that amortisation of the expenses of establishing Sub-Funds 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 statements of Sub-Funds. 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 statements for the financial statements to be in compliance with IFRS.

Cash rebates and soft commissions

None of the Manager, the investment delegate (if any) and any of their respective Connected Persons receive any cash commissions or other rebates from brokers or dealers in respect of transactions for the account of any Sub-Fund. However, the Manager, the investment delegate (if any) and/or any of their respective Connected Persons reserve the right to effect transactions by or through the agency of another person (the "**Agent**") with whom the Manager, the investment delegate (if any) and/or any of their respective Connected Persons has such an arrangement.

The Manager, the investment delegate (if any) and/or any of their respective 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, the investment delegate (if any) and/or any of their respective Connected Persons in providing services to the relevant Sub-Fund (as may be permitted under the UT 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.

RISK FACTORS

The nature of each Sub-Fund's investments involves certain risks and uncertainties, including those inherent in any investment. There can be no assurance that the investment objective of any Sub-Fund will be achieved. This section sets out what the Manager believes are the general risks associated with investments in the Sub-Funds, but investors should note that the relevant Appendix may include additional risk factors which are specific or particular to a particular Sub-Fund. The risk factors below do not offer advice on the suitability of investing in any Sub-Fund. Prospective investors should carefully evaluate the merits and risks of an investment in a Sub-Fund in the context of their overall financial circumstances, knowledge and experience as an investor and should consult their independent professional or financial advisers before making any investment in a Sub-Fund.

General risks

Investment risk

Investors should be aware that investment in any Sub-Fund is subject to normal market fluctuations and other risks inherent in the underlying assets into which the Sub-Fund may invest. There can be no assurance that any appreciation in value of investments will occur. There is no assurance that the investment objectives of a Sub-Fund will actually be achieved, notwithstanding the efforts of the Manager since changes in political, financial, economic, social and/or legal conditions are not within the control of the Manager. Accordingly, there is a risk that investors may not recoup the original amount invested in a Sub-Fund or may lose a substantial part or all of their initial investment.

Market risk

The Net Asset Value of a Sub-Fund will change with changes in the market value of the investments of such Sub-Fund. The value of such investments, and consequently the price of Shares of the relevant Sub-Fund, may go down as well as up.

Concentration risk

Certain Sub-Funds may invest only in a specific country, region, sector or type of investment with a particular focus. Although there are various investment restrictions with which the Manager has to comply when managing the investments of any Sub-Fund, the concentration of a Sub-Fund's investments may subject it to greater volatility than portfolios which comprise broad-based global investments.

Emerging market risk

Certain Sub-Funds may invest in emerging markets (including Mainland China), which subjects such Sub-Funds to a higher level of market risk than investments in a developed country/region. This is due to, among other things, greater market volatility, lower trading volume, political and economic instability, settlement risk (including risks arising from settlement procedures), greater risk of market shut down and more governmental limitations on foreign investment than those typically found in developed markets.

Counterparty risk

A Sub-Fund will be subject to the risk of the inability of any counterparty to perform with respect to any investments or contracts purchased by the Sub-Fund. If a counterparty becomes bankrupt or otherwise fails to perform its obligations due to financial difficulties, the Sub-Fund may experience significant delays in obtaining any recovery in bankruptcy or other reorganisation proceeding. Such Sub-Fund is likely to be an unsecured creditor in any such proceeding and may obtain only a limited recovery or may obtain no recovery in such circumstances.

A Sub-Fund may be exposed to the counterparty risk of the Custodian with which the Scheme Property is deposited. The Custodian may be unable to perform their obligations due to credit-related and other events like insolvency of or default of them. 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.

Liquidity risk

A Sub-Fund may invest in instruments where the volume of transactions may fluctuate significantly depending on market sentiment. There is a risk that investments made by a Sub-Fund may become less liquid in response to market developments or adverse investor perceptions. In extreme market situations, there may be no willing buyer and the investments cannot be readily sold at the desired time or price, and the relevant Sub-Fund may have to accept a lower price to sell the investments or may not be able to sell the investments at all. An inability to sell a portfolio position can adversely affect the Net Asset Value of a Sub-Fund or prevent a Sub-Fund from being able to take advantage of other investment opportunities.

Liquidity risk also includes the risk that a Sub-Fund will not be able to pay redemption proceeds within the allowable time period because of unusual market conditions, an unusually high volume of redemption requests, or other uncontrollable factors. To meet redemption requests, a Sub-Fund may be forced to sell investments, at an unfavourable time and/or conditions.

Exchange rate risk

Assets of certain Sub-Funds may be denominated in currencies other than the base currencies of such Sub-Funds and the currency of some assets may not be freely convertible. These Sub-Funds may be adversely affected by changes in exchange rates between the currencies in which the assets of the relevant Sub-Fund are held and the Base Currency of such Sub-Fund.

Restricted markets risk

Certain Sub-Funds may invest in securities in jurisdictions (including Mainland China) which impose 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, legal and regulatory restrictions or limitations may have adverse effect on the liquidity and performance of such investments due to factors such as limitations on fund repatriation, dealing restrictions, adverse tax treatments, higher commission costs, regulatory reporting requirements and reliance on services of local custodians and service providers.

Legal and compliance risk

Domestic and/or international laws or regulations may change in a way that adversely affects a Sub-Fund. Differences in laws between countries/regions or jurisdictions may make it difficult for the Custodian or the Manager to enforce legal agreements entered into in respect of a Sub-Fund. The Custodian and the Manager reserve the right to take steps to limit or prevent any adverse effects from changes to laws or their interpretation, including altering investments of or restructuring the relevant Sub-Fund.

Suspension risk

Under the terms of the Instrument in certain circumstances, the Manager may suspend the determination of the Net Asset Value of Shares in a Sub-Fund as well as suspend subscriptions and redemptions for Shares in a Sub-Fund. Investors may not be able to subscribe or redeem when such a suspension is invoked. Investors may not be able to obtain a market value of their investment if the share price is suspended.

Please refer to the section headed "Suspension of determination of Net Asset Value" for further information in this regard.

Early termination risk

Under the Instrument, a Sub-Fund may be terminated by the Manager or the Custodian in certain conditions and in the manner as described in "Termination (otherwise than by winding up)" in the section headed "General". It is possible that, in the event of such termination, a Sub-Fund will not be able to achieve its investment objective and investors will have to realise any investment loss and will receive an amount less than the capital they originally invested.

Cross Class liability risk

The Instrument allows the Custodian and the Manager to issue Shares in separate Classes. The Instrument provides for the manner in which liabilities are to be attributed across the various Classes within a Sub-Fund under the Company (liabilities are to be attributed to the specific Class of a 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 Class (in the absence of the Custodian granting that person a security interest). However, the Custodian will have a right of reimbursement and indemnity out of the assets of the Company which may result in Shareholders of one Class of Shares of a Sub-Fund being compelled to bear the liabilities incurred in respect of another Class of the Sub-Fund which Shares such Shareholders do not themselves own if there are insufficient assets attributable to that other Class to satisfy the amount due to the Custodian. Accordingly, there is a risk that liabilities of one Class of a Sub-Fund may not be limited to that particular Class and may be required to be paid out of one or more other Classes of that Sub-Fund.

Cross Sub-Fund liability risk

The assets and liabilities of each Sub-Fund under the Company will be tracked, for bookkeeping purposes, separately from the assets and liabilities of any other Sub-Funds, and the Instrument 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.

Valuation and accounting risk

Investors should note that, under IFRS, establishment costs should be expensed as incurred. However for the purpose of determining the Net Asset Value for subscription and redemption purposes, establishment costs are to be amortised over a period of 5 years (or such other period as determined by the Manager after consultation with the auditors of the relevant Sub-Fund), which may lead to a different valuation had the accounting been in accordance with IFRS. The Manager has considered the impact of such non-compliance and does not expect this issue to affect the results and the determination of Net Asset Value of the Sub-Fund(s) materially. To the extent that the valuation or accounting basis adopted by any Sub-Fund deviates from IFRS, the Manager may make necessary adjustments in the annual financial statements to comply with IFRS.

Reliance on the Manager risk

Shareholders must rely on the Manager in formulating the investment strategies and the performance of each Sub-Fund is largely dependent on the services and skills of its officers and employees. In the case of loss of service of the Manager or any of its key personnel, as well as any significant interruption of the Manager's business operations or in the extreme case of the insolvency of the Manager, the Company may not find successor managers with the requisite skills, qualifications quickly and the new appointment may not be on equivalent terms or of similar quality.

Investment risks

Risk of investing in equity securities

Sub-Funds which invest directly or indirectly in equity securities are exposed to the risk that the market value of such equity securities may go down as well as up. Equity markets may fluctuate significantly with prices rising and falling sharply, and this will have a direct impact on such Sub-Funds. When equity markets are extremely volatile, such Sub-Fund's Net Asset Value may fluctuate substantially.

Risk of investing in fixed income instruments

Interest rate risk: Sub-Funds which invest in fixed income instruments are subject to interest rate risk. Generally, the value of fixed income instruments will change inversely with changes in interest rates. As interest rates rise, market value of fixed income instruments tends to fall. Long-term fixed income instruments in general are subject to higher interest rate risk than short-term fixed income instruments.

Credit risk: Investment in fixed income instruments is subject to the credit risk of the issuers which may be unable or unwilling to make timely payments of principal and/or interest. In general, debt instruments that have a lower credit rating or that are unrated will be more susceptible to the credit risk of the issuers. In the event of a default or credit rating downgrading of the issuers of the fixed income instruments held by a Sub-Fund, that Sub-Fund's Net Asset Value will be adversely affected and investors may suffer a substantial loss as a result.

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

Risks of investing in lower graded or unrated fixed income instruments: A Sub-Fund may invest in fixed income instruments which are rated with a relatively lower grade or which are non-rated. As mentioned above, such instruments are generally more susceptible to the credit risk of the issuers, and as a result such investments assume greater risks because of generally reduced liquidity and greater fluctuation in value. The valuation of these instruments may also be more difficult and thus the relevant Sub-Fund's prices may be more volatile.

Risks of credit rating downgrades: Credit rating of fixed income instruments and/or issuers of fixed income instruments may be downgraded, thus adversely affecting the value and performance of a Sub-Fund holding such investments.

Risks of fixed income instruments from Mainland China: Certain Sub-Funds may invest in fixed income instruments issued or distributed within Mainland China. The financial market of Mainland China is at an early stage of development, and many of such Mainland Chinese fixed income instruments may be unrated, which exposes such Sub-Funds to greater risks because of generally reduced liquidity, greater price volatility and greater credit risk. Such a Sub-Fund may also encounter difficulties or delays in enforcing its rights against the issuers who will generally be incorporated in Mainland China and therefore not subject to the laws of Hong Kong.

Limited availability of offshore RMB fixed income instruments: Certain Sub-Funds may invest in RMB fixed income instruments issued or distributed outside Mainland China. However, the quantity of RMB fixed income instruments issued or distributed outside Mainland China that are available is currently limited, and the remaining duration of such instruments may be short. In the absence of available fixed income instruments, or when such instruments held are at maturity, a Sub-Fund holding such investments may have to allocate a significant portion of its portfolio in RMB negotiated term deposits with authorised financial institutions until suitable fixed income instruments are available in the market. This may adversely affect the relevant Sub-Fund's return and performance.

Risk of investing in FDIs

Certain Sub-Funds may from time to time utilise FDIs for investment and/or hedging purposes. The use of derivatives exposes a Sub-Fund to additional risks, including: (1) volatility risk (derivatives can be highly volatile and expose investors to a high risk of loss); (2) leverage risk (as the low initial margin deposits normally required to establish a position in derivatives permits a high degree of leverage, there is risk that a relatively small movement in the price of a contract could result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin); (3) liquidity risk (daily limits on price fluctuations and speculative position limits on exchanges may prevent prompt liquidation of derivatives and transactions in over-the-counter derivatives may involve additional risk as there is no exchange market on which to close out an open position); (4) correlation risk (when used for hedging purposes there may be an imperfect correlation between the derivatives and the investments or market sectors being hedged); (5) counterparty risk (the Sub-Fund is exposed to the risk of loss resulting from a counterparty's failure to meet its financial obligations); (6) legal risks (the characterisation of a transaction or a party's legal capacity to enter into it could render the derivative contract unenforceable, and the insolvency or bankruptcy of a counterparty could pre-empt otherwise enforceable contract rights); and (7) settlement risk (the risk faced when one party to a transaction has performed its obligations under a contract but has not yet received value from its counterparty).

The eventuation of any of the above risks could have an adverse effect on the Net Asset Value of a Sub-Fund which uses FDIs.

Risk of investing in structured debt instruments (including mortgage-backed securities)

Certain Sub-Funds may invest in securitised or structured debt instruments (collectively, "**structured debt instruments**"). Such structured debt instruments include asset-backed securities, mortgage-backed securities, collateralised debt instruments and collateralised loan obligations. provide exposure, synthetically or otherwise, to underlying assets and the risk/return profile is determined by the cash flows derived from such assets. Some of such instruments involve multiple instruments and cash flow profiles such that it is not possible to predict with certainty the outcome from all market scenarios. Also, the price of such an investment could be contingent on, or highly sensitive to, changes in the underlying components of the structured debt instrument. The underlying assets can take many forms including, but not limited to, credit card receivables, residential mortgages, corporate loans, manufactured housing loans or any type of receivables from a company or structured vehicle that has regular cash flows from its customers. Some structured debt instruments may employ leverage which can cause the price of the instruments to be more volatile than if they had not employed leverage. In addition, investments in structured debt instruments may be less liquid than other securities. The lack of liquidity may cause the current market price of assets to become disconnected from the underlying assets' value and consequently Sub-Funds investing in structured debt instruments may be more susceptible to liquidity risk. The liquidity of a structured debt instrument can be less than a regular bond or debt instrument and this may adversely affect either the ability to sell the position or the price at which such a sale is transacted.

Over-the-counter markets risk

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

In addition, certain instruments traded on the OTC markets (such as certain customised FDIs and structured products) can be illiquid. The market for relatively illiquid investments tends to be more volatile than the market for more liquid investments.

Hedging risk

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

Securities financing transactions or other similar over-the-counter transactions risk

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 involves the risk that the borrower may fail to return the securities in a timely manner or at all. As a result, a Sub-Fund engaged in securities lending transactions may suffer a loss and there may be a delay in recovering the lent securities. Any delay in the return of securities on loans may restrict the ability of the Sub-Fund to meet delivery or payment obligations arising from redemption requests and may trigger claims. The value of the collateral received as part of the lending transaction may also fall below the value of the securities lent out. Securities lending also entails operational risks such as settlement failures or delays in the settlement of instructions. Such failures or delays may restrict the ability of the Sub– Fund to meet delivery or payment obligations arising from redemption requests and may trigger claims.

Risk relating to 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, adverse market movements in the value of the collateral, intra-day increase in the value of the securities, a deterioration in the credit rating of the collateral issuer, or the illiquidity of the market in which the collateral is traded.

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.

Re-investment of cash collateral risk: A Sub-Fund may re-invest any cash collateral. Investors should note that there are risks associated with the re-investment of cash collateral. If a Sub-Fund reinvests cash collateral, such re-investment is subject to investment risks including the potential loss of principal.

TAXATION

The following summary of taxation is of a general nature, and for information purposes only, and is not intended to be an exhaustive list of all the tax considerations that may be relevant to a decision to purchase, own, realise or otherwise dispose of Shares. The summary does not constitute legal or tax advice and does not purport to deal with the tax consequences applicable to all categories of Shareholders. Prospective Shareholders should consult their professional advisers on the consequences to them of acquiring, holding, redeeming, transferring or selling Shares under the relevant laws of Hong Kong as well as the relevant jurisdiction(s) to which they are subject, including the tax consequences and any exchange control requirements. These consequences, including the availability of, and the value of, tax relief to investors, will vary with the law and practice of the investors' country of citizenship, residence, domicile or incorporation and their personal circumstances. The following statements regarding taxation are based on advice received by the Manager regarding the law and practice in force in Hong Kong, Mainland China and also regarding FATCA and related laws at the date of this Explanatory Memorandum. The relevant laws, rules and practice relating to tax are subject to change and amendment (and such changes may be made on a retrospective basis). As such, there can be no guarantee that the summary provided below will continue to be applicable after the date of this Explanatory Memorandum. Furthermore, tax laws can be subject to different interpretations and no assurance can be given that the relevant tax authorities will not take a contrary position to the tax treatment described below.

Hong Kong taxation

Taxation of the Company and the Sub-Funds

Profits Tax

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

Stamp Duty

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

Pursuant to the remission order issued by the Secretary for the Treasury on 20 October 1999, any Hong Kong stamp duty payable on the transfer of Hong Kong stock to the Company and/or the Sub-Funds as consideration for an allotment of Shares or transfer of Hong Kong stocks by the Company and/or the Sub-Funds upon redemption of Shares is remitted.

Taxation of the Shareholders

Profits tax

Hong Kong profits tax (which is currently charged at the rate of 16.5% for corporations, and 15% for unincorporated businesses with the first HK$2 million of assessable profits charged at 8.25% for corporations and 7.5% for unincorporated businesses, subject to certain conditions being met) will arise on any gains or profits sourced in Hong Kong made on the sale, redemption, or other disposal of the Shares where such transactions form part of a trade, profession or business carried on by a Shareholder in Hong Kong and such Shares are not capital assets of the Shareholders. Ascertaining the classification of a gain as revenue or capital will depend on the particular facts and circumstances of the Shareholders.

Dividend received by Shareholders from their Shares in the Company or a Sub-Fund should generally not be chargeable to tax in Hong Kong (whether by way of withholding or otherwise).

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

Shareholders should seek advice from their own professional advisers as to their particular tax positions.

Stamp duty

No Hong Kong stamp duty is generally payable by a Shareholder in relation to an issue of Shares or on the redemption of Shares. Also, no Hong Kong stamp duty is payable where a sale or transfer of Shares is effected by extinguishing the Shares or the sale or transfer is to the Manager who subsequently re-sells the Shares within two months thereof.

Unless otherwise exempted, other types of sales and purchases or transfers of the Shares by the Shareholders should be liable to Hong Kong stamp duty of 0.13% on the higher of the stated consideration or market value of the Hong Kong stock bought and sold (normally borne by each of the buyer and the seller). In addition, a fixed duty of HKD5.00 is currently payable on any instrument of transfer of Shares.

Shareholders 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 Shares, in the context of their particular situations.

Automatic Exchange of Financial Account Information

The Inland Revenue (Amendment) (No.3) Ordinance (the "**Ordinance**") (as amended from time to time) came into effect on 30 June 2016. This is the legislative framework for the implementation of the OECD's Standard for Automatic Exchange of Financial Account Information ("**AEOI**") in Hong Kong. The AEOI comprise, among others, the model Competent Authority Agreement ("**CAA**") and the Common Reporting Standard ("**CRS**"). 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 the required information that relates to the reportable account holders who are tax resident in Reportable Jurisdictions (as defined below) with the IRD for the purpose of automatic exchange. Generally, the information will be reported and automatically exchanged in respect of account holders that are tax residents in a reportable jurisdiction(s) with which Hong Kong has a CAA in force ("**Reportable Jurisdictions**"); however, under AEOI, the Company, a Sub-Fund and/or its agents may further obtain information and/or documentation relating to the residents of other jurisdictions that are not resident in a Reportable Jurisdiction.

The Company is required to comply with the requirements of the Ordinance, which means that the Company and/or its agents shall obtain and provide to the IRD the required information relating to Shareholders where required. The Ordinance requires the Company to, amongst other things, (i) register the Company as a "Reporting Financial Institution" with the IRD to the extent the Company maintains reportable financial accounts; (ii) conduct due diligence on its account holders (i.e. Shareholders) in order to determine whether any of their relevant financial accounts are regarded as "Reportable Accounts" under the Ordinance; and (iii) report to the IRD the required information of such Reportable Accounts on an annual basis. The IRD is expected on an annual basis to exchange the required information reported to it to the competent authorities of the respective Reportable Jurisdictions. Broadly, AEOI requires that Hong Kong FIs should report on: (i) individuals or entities that are tax residents in a Reportable Jurisdiction; and (ii) certain entities controlled by individuals who are tax residents in such jurisdictions. Under the Ordinance, details of Shareholders or their controlling persons (as the case may be), including but not limited to their name, place of birth, date of birth, address, tax residence, tax identification number(s) (if any), account number, account balance/value regarding their interest in the Company, and income or sale or redemption proceeds received from the Company, should be reported to the IRD and subsequently exchanged with competent authorities in the relevant Reportable Jurisdictions.

By investing in a Sub-Fund and/or continuing to invest in a Sub-Fund, Shareholders acknowledge that they may be required to provide additional information or documents to the Company and/or its agents in order for the Company to comply with the Ordinance. A Shareholder's information (and information on controlling persons including beneficial owners, beneficiaries, direct or indirect shareholders or other persons associated with such Shareholders as appropriate) may be exchanged by the IRD to the competent authorities in the relevant Reportable Jurisdictions.

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

Mainland China taxation

The following is based on the Manager's general 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-Funds. It is not intended or written to be used, and may not be used, by any taxpayer in order to avoid taxes which may be imposed on the taxpayer under Mainland China's 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 Explanatory Memorandum 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.

With the implementation of the new QFI scheme from 1 November 2020, QFIs are allowed to invest in more diversified financial instruments, including certain derivatives products, etc.

Under the prevailing tax regimes in Mainland China, foreign investment in financial products in Mainland China securities and bond markets would normally be subject to Corporate Income Tax (“**CIT**”), Withholding Income Tax (“**WHT**”), Value Added Tax (“**VAT**”) and Stamp Duty (“**SD**”).

Mainland China taxation in general

CIT

Under the prevailing CIT law in Mainland China, a Mainland China Tax Resident Enterprises (“**TRE**”) is subject to CIT on its worldwide income. A foreign enterprise with a “place of effective management” within Mainland China 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 CIT law in Mainland China 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 reduced under a tax treaty or tax arrangement.

The Company together with the Manager, do not intend to operate in a way that would cause a 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 CIT status of the Sub-Fund in Mainland China.

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

VAT

Under the prevailing VAT regulations in Mainland China, general VAT 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 VAT payers on the gains derived from trading financial products in Mainland China (including trading equity or equity-linked securities) and interest income from the Mainland China.

SD

According to the SD law in Mainland China which came into effect from 1 July 2022, SD is levied on certain taxable documents executed or used in the territory of the PRC as well as trading securities in Mainland China. Taxable documents concluded outside of Mainland China but used in Mainland China are also subject to SD.

Mainland China bonds investment via Bond Connect, QFI and Foreign Access Regime

– Interest

WHT and VAT

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

CIT/WHT

Under the prevailing tax regime in Mainland China, 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 PBOC in November 2017, capital gains derived by foreign investors from trading the domestic bond instruments through Mainland China Interbank Bond Market is exempt from CIT/WHT. However, it is uncertain how long the exemption will last.

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

VAT

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

(a) QFI entrust Mainland China domestic companies to conduct securities trading in Mainland China; or

(b) Bond trading conducted by foreign institutions approved by the PBOC through China Interbank Bond Market.

SD

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

Investment in new asset 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 into one QFI scheme and expansion of QFI's investment scope, etc.

The prevailing tax laws in Mainland China 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 assets classes.

Any tax liabilities and/or amounts that are levied in connection with CIT, WHT, VAT and SD in Mainland China on the gains or income of a 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, each 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 tax laws, regulations and practice in Mainland China. 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 tax liabilities in Mainland China. Consequently, investors may be advantaged or disadvantaged depending upon the ultimate tax liabilities in Mainland China, the level of provision and when they subscribed and/or redeemed their shares in the Sub-Funds.

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

The Manager may make or may not make tax provisions for capital gains, realised or unrealised, arising from the transfers of a Sub-Fund's investments in the Mainland China. Please refer to the relevant Appendix for details.

FATCA

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

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

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

The Company and the Sub-Funds have been registered with the IRS as a reporting Model 2 FFI and obtained a Global Intermediary Identification Number ("**GIIN**") 1I4A41.99999.SL.344. In order to protect Shareholders and avoid any withholding tax, it is the Company's intention to endeavour to satisfy the requirements imposed under FATCA, the IGA and the terms of an FFI agreement. Broadly, the IGA requires the Company and each Sub-Fund to, amongst other things, (i) register as a "reporting financial institution" with the IRS; (ii) conduct due diligence on its accounts to identify whether any such accounts are considered "U.S. Accounts" under the IGA; and (iii) with the relevant consent to report obtained from the holders of the U.S. Accounts, report to the IRS the required information on such U.S. Accounts on an annual basis. Hence it is possible that this may require the Company or the Sub-Funds (through its agents or service providers) as far as legally permitted, to report information on Shareholders' account balance/ value regarding their interest in the Company, and income or sale or redemption proceeds received from the Company to the IRS or the local authorities pursuant to the terms of an applicable IGA (as the case may be), including certain Shareholders who fail to provide the information and documents required, or non-compliant FFIs or Shareholders that fall within other categories specified in the FATCA provisions and regulations. In any event, the Company shall comply with personal data protection principles, and requirements as set out in the Personal Data (Privacy) Ordinance (Chapter 468 of the Laws of Hong Kong) and all other applicable regulations and rules governing personal data use in Hong Kong from time to time.

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

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

GENERAL

Reports

The Company's and each Sub-Fund's financial year-end is 31 December in each year.

Audited annual financial reports drawn up in accordance with IFRS and unaudited interim financial reports will be prepared for each financial year. Financial reports will be available in English only. Once financial reports are issued, Shareholders will be notified of where such reports, in printed and electronic forms, can be obtained. Such notices will be sent to Shareholders on or before the issue date of the relevant financial reports, which will be within four months after the end of the financial year in the case of audited annual financial reports, and within two months after 30 June in each year in the case of unaudited interim financial reports.

Once issued the financial reports will be available in electronic from the Manager's website at www.gtjai.com (this website has not been reviewed by the SFC) and in hardcopy for inspection at the Manager's office free of charge during usual business hours (hardcopies are also available for Shareholders to take away free of charge upon request).

Distribution policy

The Manager has discretion as to whether or not to make any distribution of dividends, the frequency of distribution and amount of dividends in respect of any Sub-Fund, details of which are set out in the relevant Appendix.

The Instrument

The Company was incorporated in Hong Kong under the SFO on 3 March 2023. Its constitution is set out in the Instrument filed to the Companies Registry of Hong Kong on, and effective as of, 3 March 2023 (and as may be further amended, modified or supplemented from time to time). All Shareholders are entitled to the benefit of, are bound by and are deemed to have notice of the provisions of the Instrument.

Indemnities of the Manager

Under the Management Agreement, the Manager is not liable in respect of any act or omission of:

(a) any person, firm or company through whom transactions in investments are effected for the account of any Sub-Fund;

(b) the Custodian;

(c) the Administrator (if any);

(d) any party having custody or possession of the Company's assets from time to time; or

(e) any depository and clearance or settlement system.

Subject to the Instrument, the Company agrees to indemnify and keep indemnified the Manager and the directors, officers and employees of the Manager from and against any and all liabilities, obligations, losses, damages, suits and expenses (each a "**Loss**") which may be incurred by or asserted against the Manager in its capacity as Manager of the Company. However, such indemnity excludes Losses resulting from the negligence, wilful default or fraud of the person seeking to rely on this indemnity and excludes expenses incurred by the Manager for which it is responsible under the Management Agreement.

When the Manager appears in, prosecutes or defends any action or suit in respect of the provisions of the Management Agreement or the Instrument or in respect of the Company, any Sub-Fund or any part thereof or any corporate or Shareholders' action which in its opinion would or might involve it in expense or liability, it shall be entitled to be indemnified by the Company out of the relevant Sub-Fund to its satisfaction against any costs or expenses in connection with the Manager appearing, prosecuting or defending such actions or suits.

Nothing in the Management Agreement excludes or restricts the liability to the Company which the Manager may have under the SFO.

No provision in the Instrument or the Management Agreement shall be construed as (i) providing for any exemption of any liability of the Manager to the Shareholders imposed under Hong Kong law or for breaches of obligations through fraud or negligence or indemnifying the Manager against such liability by Shareholders or at the Shareholders' expense; or (ii) diminishing or exempting the Manager from any of its duties and liabilities under applicable Laws and Regulations, and no provision shall have the effect of providing any of such exemption or indemnity.

Indemnities of the Custodian

Under the Custodian Agreement, the Company agrees to indemnify the Custodian and its officers, employees, agents and sub-custodians against all liabilities suffered or incurred by the Custodian in connection with its duties under the Custodian Agreement, including but not limited to liabilities incurred as a result of the acts or omissions of the Company, any Sub-Fund or any other person in connection with the Custodian Agreement.

Nothing in the Custodian Agreement excludes or limits the liability to the Company which the Custodian may have under the SFO.

No provision in the Instrument or the Custodian Agreement shall be construed as (i) providing for any exemption of any liability of the Custodian to the Shareholders imposed under Hong Kong law or for breaches of obligations through fraud or negligence or indemnifying the Custodian against such liability by Shareholders or at the Shareholders' expense; or (ii) diminishing or exempting the Custodian from any of its duties and liabilities under applicable Laws and Regulations, and no provision shall have the effect of providing any of such exemption or indemnity.

Modification of Instrument

An amendment to the Instrument may be made to the extent permitted by the Laws and Regulations applicable to the Company and in accordance with the Instrument.

No alteration to the Instrument may be made unless:

(a) the alteration has been approved by Shareholders by a Special Resolution; or

(b) the Custodian certifies in writing that in its opinion the proposed alteration:

  (i) is necessary to make possible compliance with fiscal or other statutory, regulatory or official requirements;

  (ii) does not materially prejudice Shareholders' interests, does not to any material extent release the Directors, the Manager, the Custodian or any other person from any liability to Shareholders and does not increase the costs and charges payable from the Scheme Property; or

  (iii) is necessary to correct a manifest error.

In all other cases involving any material changes, no alteration may be made except by a Special Resolution of Shareholders or the approval of the SFC. The Company shall provide written notice to Shareholders in respect of any alteration to the Instrument and any alteration to the Company generally in accordance with the Laws and Regulations.

Removal and retirement of the Directors

A person ceases to be a Director:

(a) if the person ceases to be a Director or is prohibited from being a Director under the applicable Laws and Regulations or under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong);

(b) if the person becomes bankrupt or makes any arrangement or composition with the person's creditors generally;

(c) if the person becomes a mentally incapacitated person;

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

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

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

(g) if the person is removed from the office of Director by an Ordinary Resolution.

Special notice (in accordance with the applicable Laws and Regulations) is required of a resolution to remove a Director or appoint a person in place of a Director so removed at the meeting at which the Director is removed. In relation to a resolution to remove a Director before the end of the Director's term of office, no Share may, on a poll, carry a greater number of votes than it would carry in relation to the generality of matters to be voted on at a general meeting of the Company.

Removal and retirement of the Manager

Under the Instrument and the Management Agreement, the Manager must retire in the case of (i) below, and must be subject to removal by notice in writing from the Directors in the case of (ii) or (iii) below:

(i) when it ceases to be eligible to be a Manager or is prohibited from being a Manager under the Laws and Regulations, or when the SFC withdraws its approval of the Manager;

(ii) when it goes into liquidation, becomes bankrupt or has a receiver appointed over its assets; or

(iii) when for good and sufficient reason, the Directors state in writing that a change in the Manager is desirable in the interests of the Shareholders.

The Manager shall be entitled to retire in favour of some other person considered by the Company to be suitably qualified and approved by the SFC, upon giving written notice to the Company in accordance with the Management Agreement and subject to such person entering into a management agreement similar to the Management Agreement.

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

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

Removal and retirement of the Custodian

Under the Instrument and the Custodian Agreement, the Custodian must retire in the case of (i) below, and must be subject to removal by notice in writing in the case of (ii) and (iii) below:

(i) when it ceases to be eligible to be a Custodian or is prohibited from being a Custodian under the Laws and Regulations, or when the SFC withdraws its approval of the Custodian;

(ii) when it goes into liquidation, becomes bankrupt or has a receiver appointed over its assets; or

(iii) when for good and sufficient reason, the Directors state in writing that a change in the Custodian is desirable in the interests of the Shareholders.

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

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

Termination (otherwise than by winding up)

Without prejudice to any provision in the applicable Laws and Regulations by virtue of which the Company, or a Sub-Fund or a Class of Shares may be terminated, the Company, a Sub-Fund or a Class of Shares may be terminated, subject to and in accordance with the applicable Laws and Regulations, by the Directors in their absolute discretion if:

(a) in the case of a Sub-Fund including Classes therein, 1 year from the date of the first issue of Share relating to the relevant Sub-Fund or at any date thereafter the Net Asset Value of the relevant Sub-Fund is less than USD10,000,000 or its equivalent in the Base Currency of the Sub-Fund;

(b) in the case of a Class only, there are no Shareholders of such Class in a Sub-Fund;

(c) in the case of the Company, 1 year from the date of the first issue of Shares relating to the first Sub-Fund or at any date thereafter the Net Asset Value of the Company is less than USD10,000,000 or its equivalent in the Base Currency of the Company; or

(d) any law shall be passed which renders it illegal or in the reasonable opinion of the Directors impracticable or inadvisable to continue the relevant Class of Shares, the relevant Sub-Fund or the Company.

The Directors shall give reasonable notice of termination of the Company, the relevant Sub-Fund, or the relevant Class of Shares (as the case may be) to the Shareholders in the Company, the relevant Sub-Fund or the relevant Class of Shares (as the case may be) in such manner and with such contents which are compliant with the applicable Laws and Regulations, and by such notice fix the date on which such termination is to take effect, provided that no less than one month's notice will be given to the relevant Shareholders in case of termination of the Company or a Sub-Fund. Shareholders' approval is not required to effect termination of the Company or a Sub-Fund.

With effect on and from the date as at which the Company or any Sub-Fund is to terminate:

(a) no Shares of the relevant Class or Classes may be issued or sold by the Company;

(b) the Manager shall on the instructions of the Directors realise all the assets then comprised in the relevant Sub-Fund;

(c) distributions shall be made to the Shareholders of the relevant Class or Classes in proportion to their respective interests in the relevant Sub-Fund all net cash proceeds derived from the realisation of the relevant Sub-Fund and available for the purpose of such distribution, provided that the Custodian shall be entitled to retain out of any monies in its hands as part of the relevant Sub-Fund full provision for all costs, charges, expenses, claims and demands reasonably incurred by or on behalf of the Company, the Directors, the Manager or the Custodian in connection with or arising out of the termination of the relevant Sub-Fund; and

(d) any unclaimed proceeds or other monies held by the Custodian in the event of a termination may at the expiration of 12 calendar months from the date upon which the same became payable be paid into court, subject to the right of the Custodian to deduct therefrom any expenses it may incur in making such payment.

Every such distribution shall be made in such manner as the Directors shall at their reasonable discretion determine but shall be made only against the production of such evidence relating to the Shares of the relevant Class or Classes in respect of which the same is made and upon delivery of such form of request for payment as shall be reasonably required.

Winding up

Subject to any other provisions applicable to the specific Sub-Fund set out in the relevant Appendix, the rights of the Shareholders to participate in the property comprised in a Sub-Fund on a winding up of the Company or a Sub-Fund shall be proportionate to the proportionate interests in the Sub-Fund represented by the Shares which they hold.

If the Company or a Sub-Fund is wound up and a surplus remains after the payment of debts proved in the winding up, the liquidator:

(a) may, with the required sanction of a Special Resolution of the Company or Shareholders of the relevant Sub-Fund and any other sanction required by the Laws and Regulations, divide amongst the Shareholders the whole or any part of the assets of the Company or the relevant Sub-Fund (whether they consist of property of the same kind or not) and may, for this purpose, set a value the liquidator thinks fair on any property to be so divided; and

(b) may determine how the division is to be carried out between the Shareholders or different Classes of Shareholders.

Meetings of Shareholders and voting rights

Meetings of Shareholders may be convened by the Directors. Shareholders representing at least 10% of the total voting rights of all the Shareholders having a right to vote at general meetings may require a meeting to be convened. A general meeting at which (a) a Special Resolution is to be proposed must be called by notice of at least 21 days in writing; and (b) an Ordinary Resolution is to be proposed must be called by notice of at least 14 days in writing.

The quorum for all meetings is Shareholders present in person or by proxy representing 10% of the Shares for the time being in issue except for the purpose of passing a Special Resolution. The quorum for passing a Special Resolution is Shareholders present in person or by proxy representing 25% of the Shares in issue. In the case of an adjourned meeting of which separate notice will be given, such Shareholders as are present in person or by proxy will form a quorum. Every individual Shareholder present in person, by proxy or by representative has one vote for every Share of which he is the Shareholder. In the case of joint Shareholders the senior of those who tenders a vote (in person or by proxy) will be accepted and seniority is determined by the order in which the names appear on the Register of Shareholders.

The Instrument contains provisions for the holding of separate meetings of Shareholders holding Shares of different Classes where only the interests of Shareholders of such Class are affected.

Transfer of Shares

Shares may be transferred by an instrument in writing in any usual form or any other form approved by the Directors signed by (or, in the case of a body corporate, signed on behalf of or sealed by) the transferor and the transferee. The transferor will be deemed to remain the Shareholder of the Shares transferred until the name of the transferee is entered in the register of Shareholders in respect of such Shares. A reasonable fee may be charged by the Company for registering any instrument of transfer or other document relating to or affecting the title to any Share.

Transfers of Shares are subject to prior consent of the Directors and the Directors may instruct the Custodian not to enter the name of a transferee in the register of Shareholders or recognise a transfer of any Shares if the Directors believe that such will result in or is likely to result in the contravention of any applicable laws or requirements of any country or region, any governmental authority or any stock exchange (if any) on which such Shares are listed.

Documents available for inspection

Copies of the Instrument, the Management Agreement, the Custodian Agreement and the latest audited annual and unaudited interim financial reports (if any) of the Company and each Sub-Fund are available for inspection free of charge at any time during normal business hours on a Business Day at the offices of the Manager. Copies of the Instrument can be purchased from the Manager at a nominal amount.

Anti-money laundering regulations

As part of the Custodian's and the Manager's responsibility to prevent money laundering, they and/or their respective delegates or agents may require detailed verification of a prospective investor's identity and the source of the payment of subscription monies. Depending on the circumstances of each application, a detailed verification may not be required where: (a) the prospective investor makes payment from an account in the prospective investor's name at a recognised financial institution; (b) the prospective investor is regulated by a recognised regulatory authority; or (c) the application is made through a recognised financial intermediary. The exceptions will only apply if the financial institution, regulatory authority or intermediary referred to above is within a country or jurisdiction recognised by Hong Kong as having sufficient anti-money laundering regulations.

The Custodian, the Manager and their respective delegates and agents each reserves the right to request such information as is necessary to verify the identity of an applicant and the source of the payment. In the event of delay or failure by the applicant to produce any information required for verification purposes by any of the above parties, the Manager may refuse to accept the application and return the subscription monies relating to such application.

The Company also reserves the right to refuse to make any redemption payment to a Shareholder if the Manager reasonably suspects or is advised that the payment of redemption proceeds to such Shareholder might result in a breach of applicable anti-money laundering or other laws or regulations by any person in any relevant jurisdiction, or if such refusal is considered necessary to ensure the compliance by the Company or the relevant Sub-Fund(s) or the Custodian or the Manager or other service provider to the Company with any such laws or regulations in any relevant jurisdiction.

None of the Custodian, the Manager or their respective delegates or agents shall be liable to the prospective investor or Shareholder for any loss suffered by such party as a result of the rejection or delay of any subscription application or payment of redemption proceeds.

Liquidity risk management

The Manager has put in place measures to effectively manage the liquidity risk of each Sub-Fund. The Manager's risk management function monitors the implementation of liquidity risk management policies on a day-to-day basis. The risk management function regularly communicates with the portfolio managers on each Sub-Fund's liquidity risk issues. The Manager's liquidity policy takes into account the investment strategy, the liquidity profile, the redemption policy, the dealing frequency, the ability to enforce redemption limitations and the fair valuation policies of each Sub-Fund. The Manager also has in place liquidity risk management tools (such as those described under the section headed "Deferred redemption") which allow the Manager to process redemptions in an orderly manner and to ensure that all investors are treated fairly.

As a liquidity risk management tool, the Manager may limit the number of Shares of a Sub-Fund redeemed on any Dealing Day to Shares representing 10% of the total Net Asset Value of Shares of the relevant Sub-Fund in issue (subject to the conditions under the section headed "Deferred redemption").

On an on-going basis, the Manager's risk management function will assess each Sub-Fund's liquidity position against internal liquidity indicators. The Manager may consider a range of quantitative metrics and qualitative factors in arriving at a liquidity assessment. The quantitative metrics that the Manager may consider include, where available, the underlying asset's issue size, bid-ask spreads, transaction cost, the number of market makers, each Sub-Fund's holding as a proportion of the outstanding issuance, time to maturity and time of issuance. The Manager supplements the available quantitative data with its professional judgment and other qualitative factors such as the overall market conditions, the applicable regulatory requirements, the currency denomination, and the credit quality. The Manager classifies each Sub-Fund's assets into different liquidity categories using the generic categories of low, medium and high liquidity and sets indicators on the minimum and maximum holding of assets that belong to each of these liquidity categories. Where a Sub-Fund is unable to meet the targets, the Manager will report the incident to the senior management who perform the oversight role for consideration in a timely manner. Policies will be put in place and documentation will be maintained on the assessments. The Manager will also perform liquidity stress testing on each Sub-Fund on an ongoing basis.

Conflicts of interest

The Manager, the Custodian and the Administrator (and any of their affiliates) (each a "**relevant party**") may from time to time act as administrator, registrar, manager, custodian, investment manager or investment delegate, representative or otherwise as may be required from time to time in relation to, or be otherwise involved in or with, other funds and clients which have similar investment objectives to those of any Sub-Fund. It is, therefore, possible that any relevant party may, in the course of business, have potential conflicts of interest with the Company or any Sub-Fund. Each relevant party will, at all times, have regard in such event to its obligations to the Company and the relevant Sub-Fund and will endeavour to ensure that such conflicts are resolved fairly. Each relevant party shall be entitled to retain for its own use and benefit all fees and other monies payable thereby and shall not be deemed to be affected with notice of or to be under any duty to disclose to the Company, any Sub-Fund, any Shareholder or any other relevant party any fact or thing which comes to the notice of the relevant party in the course of its rendering 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 Instrument. In any event, the Manager will ensure that all investment opportunities will be fairly allocated.

The Manager has established policies in relation to the identification and monitoring of potential conflicts of interest situations, to ensure that clients' interests are given priority at all times. Key duties and functions must be appropriately segregated and there are strict policies and dealing procedures designed to avoid, monitor and deal with conflicts of interests situations, such as rules and procedures in relation to order allocation, best execution, receipt of gifts or benefits, retention of proper records, prohibition of certain types of transactions and handling of client complaints. The Manager has designated staff to monitor the implementation of such trading policies and dealing procedures with clear reporting lines to and oversight by senior management. In any event, the Manager will ensure that all investment schemes and accounts which it manages, including each Sub-Fund, are treated fairly.

It is expected that transactions for any Sub-Fund may be carried out with or through Connected Persons of the Manager. The Manager will ensure that all transactions carried out by or on behalf of each Sub-Fund will be in compliance with all applicable laws and regulations. The Manager will use due care in the selection of such Connected Persons to ensure that they are suitably qualified in the circumstances, and will ensure that all such transactions are conducted on an arm's length basis and are consistent with best execution standards, and will monitor such transactions to ensure compliance with the Manager's obligations. The fees or commissions payable to any such Connected Persons will not be greater than those which are payable at the prevailing market rate for such transactions of that size and nature. The nature of any such transactions and the total commissions and other quantifiable benefits received by such Connected Persons will be disclosed in the relevant Sub-Fund's annual report.

Notices

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

Company
Guotai Junan Investment Funds OFC
26/F-28/F
Low Block Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

Manager
Guotai Junan Assets (Asia) Limited
26/F-28/F
Low Block Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

Custodian
BOCI-Prudential Trustee Limited
Suites 1501-1507 & 1513 & 1516
15/F, 1111 King's Road
Taikoo Shing
Hong Kong

Websites

The offer of the Shares is made solely on the basis of information contained in this Explanatory Memorandum. This Explanatory Memorandum may refer to information and materials included in websites, which may be updated or changed from time to time without any notice. Such information and materials do not form part of this Explanatory Memorandum and they have not been reviewed by the SFC. Investors should exercise an appropriate degree of caution when assessing the value of such information and materials.

APPENDIX 1: GUOTAI JUNAN HKD MONEY MARKET FUND

*This Appendix (which forms part of, and should be read together with the rest of, this Explanatory Memorandum) relates to the Guotai Junan HKD Money Market Fund (the "**Sub-Fund**"), a Sub-Fund of the Company. All references in this Appendix to the Sub-Fund are to Guotai Junan HKD Money Market Fund. Terms defined in the main body of this Explanatory Memorandum have the same meaning when used in this Appendix.*

Base Currency

The Base Currency of the Sub-Fund is HKD.

Investment objective

The Sub-Fund's objective is to invest in short term deposits and high quality money market investments. The Sub-Fund seeks to achieve a return in HKD in line with prevailing money market rate.

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 short-term deposits and high quality money market instruments issued by governments, quasi-governments, international organisations, financial institutions and corporations. The Sub-Fund may invest up to 30% of its Net Asset Value in non HKD-denominated short-term deposits and high quality money market instruments. The Manager will hedge non HKD-denominated investments into HKD in order to manage any material currency risk.

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 but are not limited to fixed income securities, commercial papers, certificates of deposits, short-term notes and commercial bills. The Sub-Fund may invest up to 100% of its Net Asset Value in fixed income securities, which may include but are not limited to government bonds, fixed and floating rate bonds.

The Sub-Fund will only invest in fixed income securities which are (i) rated investment grade or above; or (ii) (where the fixed income securities have no credit rating only) guaranteed by guarantors which are rated investment grade or above; or (iii) (where the fixed income securities have no credit rating and no guarantors) issued by issuers which are rated investment grade or above. For the purposes of the Sub-Fund, "investment grade" means a short-term credit rating of F3 or above by Fitch Ratings, P-3 or above by Moody's or A-3 or above by Standard & Poor's, or (in the absence of a short-term credit rating only) a long-term credit rating of BBB– or above by Fitch Ratings or Standard & Poor's or Baa3 or above by Moody's. In the case of split credit ratings between different credit rating agencies, 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 only be considered where the Sub-Fund invests in fixed income securities which have long-term credit ratings only and no short-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.

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

The Manager will assess the liquidity profile of instruments based on factors such as the time to cash, liquidation horizon, price volatility and bid-ask spread of such instruments (subject to the availability of such data). Only instruments with sufficient liquidity will be included in the portfolio of the Sub-Fund.

The Sub-Fund may invest at least 70% of its Net Asset Value in short-term deposits or high quality money market instruments issued in Hong Kong or issued by issuers domiciled in Hong Kong.

The aggregate value of the Sub-Fund's holding of instruments and deposits issued by a single entity will not exceed 10% of the total Net Asset Value of the Sub-Fund except: (i) where the entity is a substantial financial institution and the total amount does not exceed 10% of the entity's share capital and non-distributable capital reserves, the limit may be increased to 25%; or (ii) in the case of government and other public securities (as defined in the main body of this Explanatory Memorandum), up to 30% may be invested in the same issue; or (iii) in respect of any deposit of less than USD1,000,000 (or 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.

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

Sale and repurchase transactions, reverse repurchase transactions and borrowing

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

The Sub-Fund may enter into sale and repurchase transactions for up to 10% of its Net Asset Value but only on a temporary basis for the purpose of meeting redemption requests or defraying operating expenses. The amount of cash received by the Sub-Fund under such transactions may not in aggregate exceed 10% of its Net Asset Value. Sale and repurchase transactions are transactions where the Sub-Fund sells securities such as bonds for cash and simultaneously agrees to repurchase the securities from the counterparty at a pre-determined future date for a pre-determined price. A sale and repurchase transaction is economically similar to secured borrowing, with the counterparty of the Sub-Fund receiving securities as collateral for the cash that it lends to the Sub-Fund.

For sale and repurchase transactions, the Manager will select independent counterparties approved by the Manager with credit rating of BBB– or above (by Moody's or Standard & Poor's, or any other equivalent ratings by internationally recognised credit rating agencies) or which are SFC-licensed corporations or are registered institutions with the Hong Kong Monetary Authority. Any incremental income generated will be credited to the account of the Sub-Fund after deducting any fees charged by parties operating such transactions.

It is the intention of the Manager to sell the securities for cash equal to the market value of the securities provided to the counterparty, subject to appropriate haircut. Cash obtained in sale and repurchase transactions will be used for meeting redemption requests or defraying operating expenses, but will not be re-invested.

The Sub-Fund may engage in reverse repurchase transactions (i.e. a transaction whereby the Sub-Fund purchases securities from a counterparty of sale and repurchase transactions and agrees to sell such securities back at an pre-determined price in the future) provided that the aggregate amount of cash provided to the same counterparty in reverse repurchase agreements may not exceed 15% of the Net Asset Value of the Sub-Fund.

Other investments

The Sub-Fund may invest up to 10% of its Net Asset Value in money market funds authorised in Hong Kong by the SFC under Chapter 8.2 of the Code or regulated in other jurisdictions in a manner generally comparable with the requirements of the SFC and acceptable to the SFC.

The Sub-Fund may invest up to 15% of its Net Asset Value in asset backed securities, such as mortgage backed securities. Such asset backed securities will be rated investment grade or above.

The Sub-Fund will enter into FDIs (including but not limited to interest rate swaps and currency swaps) for hedging purposes only.

Investment restrictions

No waivers from the investment restrictions set out in the main body of this Explanatory Memorandum have been sought or granted by the SFC.

In particular, the Sub-Fund is subject to the restrictions pursuant to Chapter 8.2 of the Code which are applicable to a money market fund.

Available Classes

The Sub-Fund currently has the following classes of Shares which are available to investors:

- Class A1
- Class A2 *(Note 1)*
- Class D1 *(Note 2)*
- Class D2 *(Note 2)*
- Class S *(Note 3)*

Notes:

1. Class A2 Shares are available for subscription by selected institutional investors as the Manager determines from time to time.

2. Class D1 Shares and Class D2 Shares are available for subscription by selected distributors as the Manager determines from time to time.

3. Class S Shares are available for subscription by the following categories of investors:

   (a) current employees and representatives (i.e. non-employee account executives) of the Manager or its affiliates; and

   (b) the Manager's clients, i.e. funds and discretionary accounts under the Manager's management.

The Manager will determine a person's eligibility to subscribe for Class A2, Class D1, Class D2 and Class S Shares and will have the absolute discretion to decline any subscription application for such Classes of Shares as it sees fit. Where a holder of Class A2, Class D1, Class D2 or Class S Shares (as the case may be) ceases to become eligible to subscribe for such Class of Shares, such holder may only redeem its Class A2, Class D1, Class D2 or Class S Shares (as the case may be) Shares and may not subscribe for additional Shares of the relevant Class.

The Manager may in future determine to issue additional Classes.

Initial Offer Period

The Initial Offer Period of the Sub-Fund will commence at 9:00 a.m. (Hong Kong time) on 12 April 2023 and end at 11:00 a.m. (Hong Kong time) on 27 April 2023 (or such other dates or times as the Manager may determine).

It is expected that the first Dealing Day will fall on the first Business Day immediately following the close of the Initial Offer Period.

Initial Subscription Price

The initial Subscription Price for each of Class A1, Class A2, Class D1, Class D2 and Class S is HKD10 per Share.

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

Dealing procedures

For details of dealing procedures, please refer to the information below and in the sections headed "Subscription of Shares", "Redemption of Shares" and "Switching" in the main body of this Explanatory Memorandum. The following apply to the Sub-Fund:

Dealing Day	each Business Day
Dealing Deadline	11:00 a.m. (Hong Kong time) on the relevant Dealing Day

If any application or the relevant subscription monies is received after the Dealing Deadline in respect of a Dealing Day, then the application (together with the relevant subscription monies) will be deemed to have been received on the Dealing Day next following such receipt unless the Manager in its absolute discretion determines that the application (together with the relevant subscription monies) is deemed received on the original Dealing Day.

Investors should note that subscription monies in respect of the Sub-Fund must be paid in the relevant Class Currency. Redemption proceeds will be paid to redeeming Shareholders in the relevant Class Currency.

Payment of redemption proceeds

As set out in the main body of this Explanatory Memorandum, save as otherwise agreed by the Manager, and so long as relevant account details have been provided, redemption proceeds will normally be paid in the relevant Class Currency by telegraphic transfer, within 7 Business Days after the relevant Dealing Day and in any event within one calendar month of the relevant Dealing Day or (if later) receipt by the Company or its duly authorised agents of a duly completed redemption request and such other documents and information as the Directors may reasonably require, unless the market(s) in which a substantial portion of the Sub-Fund's investments is made is subject to legal or regulatory requirements (such as foreign currency controls) thus rendering the payment of the redemption proceeds within the aforesaid time period not practicable, but in such a case the SFC's prior approval will be sought before extending the time frame for payment, and such extended time frame should reflect the additional time needed in light of the specific circumstances in the relevant market(s).

Investment minima

The following investment minima apply to the Sub-Fund:

	Class A1	Class A2	Class D1	Class D2	Class S
Minimum initial investment amount	HKD10,000	HKD8,000,000	HKD1	HKD1	HKD10,000
Minimum subsequent investment amount	HKD10,000	HKD1,000,000	HKD1	HKD1	HKD10,000
Minimum holding amount	HKD10,000	HKD8,000,000	HKD1	HKD1	HKD10,000
Minimum redemption amount	HKD10,000	HKD1,000,000	HKD1	HKD1	HKD10,000

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

Subscription Price and Redemption Price

The Subscription Price and Redemption Price of the Sub-Fund (in respect of Class A1, Class A2, Class D1 and Class D2) on any Dealing Day will be the price per Share 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 Shares of that Class then in issue and rounded to 4 decimal places (0.00005 and above being rounded up; below 0.00005 being rounded down). Any rounding adjustment will be retained by the relevant Class.

Valuation

The Valuation Day will be each Dealing Day and the Valuation Point is 11:00 a.m. (Hong Kong time) on each Valuation Day, the first Valuation Day being the first Dealing Day following the initial offer period.

Publication of Net Asset Value

The latest Subscription Price and Redemption Price in respect of Shares and the Net Asset Value per Share of the Sub-Fund are available on the Manager's website at www.gtjai.com (this website has not been reviewed by the SFC).

Expenses and charges

The following are the actual fees and charges payable in respect of the Sub-Fund. Maximum fees permitted to be charged on one months' notice to Shareholders are set out under the section headed "Expenses and charges" in the main body of this Explanatory Memorandum. The Manager may in its discretion bear part of or all of the costs attributable to the Sub-Fund.

Fees payable by Shareholders

Fee	What you pay	
	Class A1, Class A2, Class D1 and Class D2	Class S
Subscription fee^	Up to 5% of the subscription amount	Nil
Switching fee^ (i.e. conversion fee)	Up to 1%* of the redemption price for each Share converted	Nil
Redemption fee^	Up to 1% of the redemption amount	Nil

* The switching fee will be deducted from the redemption proceeds and retained by the Manager. This is payable in addition to the applicable redemption fee (if any).

Fees payable by the Sub-Fund

Fee	Annual rate (as a % of the Sub-Fund's Net Asset Value)				
	Class A1	Class A2	Class D1	Class D2	Class S
Management fee^	0.30% per annum	0.10% per annum	0.60% per annum	0.40% per annum	Nil
Performance fee	Nil				
Custodian fee^	Up to 0.025% per annum				
Administration fee	Up to 0.075% per annum, subject to a minimum monthly fee of HKD31,200				

^ Please note that some fees may be increased up to a permitted maximum amount by providing one month's prior notice to Shareholders. Please refer to the section headed "Expenses and charges" in the main body of this Explanatory Memorandum for further details on the permitted maximum of such fees allowed.

Additional risk factors

The following risk factors are specific to the Sub-Fund. Investors should also note the risk factors applicable to all Sub-Funds, including the Sub-Fund, which are set out in the section headed "Risk factors" in the main body of this Explanatory Memorandum.

Investment risk

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

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

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

Risk of not achieving investment objective

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

Concentration risk

The Sub-Fund will invest primarily in the HKD-denominated short-term deposits and high quality money market instruments (which may include fixed income securities). The Sub-Fund may be concentrated in investments issued in Hong Kong or issued by issuers domiciled in Hong Kong. The Sub-Fund is therefore likely to be more volatile than a broad-based fund that adopts a more diversified strategy. The value of the Sub-Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the HKD money markets.

Risks relating to 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.

Risks relating to fixed income securities

Short-term fixed income instruments risk

As the Sub-Fund invests substantially in short-term fixed income instruments with short maturities, the turnover rates of the Sub-Fund's investments may be relatively high and the transaction costs incurred as a result of the purchase or sale of short-term fixed income instruments may also increase which in turn may have a negative impact on the Net Asset Value of the Sub-Fund. The Sub-Fund's underlying fixed income securities may become more illiquid when nearing maturity. It therefore may be more difficult to achieve fair valuation in the market.

Credit/counterparty risk

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

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

Interest rate risk

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

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.

Risk of credit rating downgrades

Changing market conditions or other significant events, such as credit rating downgrades affecting issuers or major financial institutions, may also subject the Sub-Fund to increased liquidity risk as it may become more difficult for the Sub-Fund to dispose of its holdings of fixed income instruments at a reasonable price or at all, which would have an adverse impact on the value and performance of the Sub-Fund. The Manager may or may not be able to dispose of the fixed income instruments that are being downgraded.

Valuation risk

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

Sovereign debt risk

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

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

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

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

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

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

Corporate debt obligations

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

Asset backed securities risk

Asset backed securities may be highly illiquid and prone to substantial price volatility. These instruments may be subject to greater credit, liquidity and interest rate risk compared to other fixed income securities. They are often exposed to extension and prepayment risks and risks that the payment obligations relating to the underlying assets are not met, which may adversely impact the returns of the securities.

Currency risks

Underlying investments of the Sub-Fund may be denominated in currencies other than its Base Currency. 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 "Exchange rate risk" under the section headed "Risk factors" in the main body of this Explanatory Memorandum.

Borrowing risks

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

Derivatives risk

The Sub-Fund may invest in FDIs for hedging purposes and in adverse situations its use of FDIs may become ineffective and/or cause the Sub-Fund to suffer significant loss. 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 FDI by the Sub-Fund. Exposure to FDIs may lead to a high risk of significant loss by the Sub-Fund. Please refer to "risk of investing in FDIs" under the section headed "Risk factors" in the main body of this Explanatory Memorandum for further details.

Risks relating to sale and repurchase transactions

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

Risks relating to reverse repurchase transactions

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

Risk associated with investing in other collective investment schemes/funds

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

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

Operational risks

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

Dividends risk

There is no assurance that the Sub-Fund will declare to pay dividends or distributions. The ability of the Sub-Fund to pay distributions also depends on interest payments made by issuers of the fixed income instruments net of any dividend withholding tax or provision for withholding tax and the level of fees and expenses payable by the Sub-Fund. Investors will not receive any interest payments, dividends or other distributions directly from the issuers of the fixed income instruments within the Sub-Fund's portfolio.

The ability of the issuers of fixed income instruments to make interest payments is based on numerous factors, including their current financial condition and general economic conditions. There can be no assurance that such companies will be able to honour payment obligations.

Investors may not therefore receive any distributions.

Distributions out of/effectively out of capital risk

The Manager may at its discretion pay dividends out of income or capital (or effectively out of capital) (or partly one and partly the other), and furthermore any applicable charges, fees and expenses of the Sub-Fund may be paid out of the assets of the Sub-Fund. Payment of dividends out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the Sub-Fund's capital or effectively out of capital may result in an immediate reduction of the Net Asset Value per Share of the relevant

Class. The Manager may amend its distribution policy with respect to distributions out of capital (and/or effectively out of capital) of the Sub-Fund subject to the SFC's prior approval and by giving not less than one month's prior notice to Shareholders.

Risks relating to FATCA

Please also refer to "FATCA" under the section headed "Taxation" in the main body of this Explanatory Memorandum for further details on FATCA and related risks.

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

Reports and accounts

The first accounts for the Sub-Fund covered the period up to 31 December 2023.

Distribution policy

In respect of each Class, the Manager has discretion as to whether or not to make any distribution and as to the frequency and amount of distributions. Any payment of the distributions will be made in the relevant Class Currency.

Investors should note that there is no guarantee of regular distribution nor, where distribution is made, the amount being distributed. Distributions declared (if any) will be paid to Shareholders at their own risk and expense by telegraphic transfer in the relevant Class Currency.

The Manager may at its discretion pay dividends out of the capital of the Sub-Fund. The Manager may also, at its discretion, pay dividend out of gross income while all or part of the fees and expenses of the Sub-Fund are charged to/paid out of the capital of the Sub-Fund, resulting in an increase in distributable income for the payment of dividends by the Sub-Fund and therefore, the Sub-Fund may effectively pay dividend out of capital.

Payment of dividends out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the Sub-Fund's capital or effectively out of capital may result in an immediate reduction of the Net Asset Value per Share of the relevant Class. Please refer to "Distributions out of/effectively out of capital risk" and "Dividends risk" in the section headed "Additional risk factors" in this Appendix for details of the foregoing risks.

The composition of dividends (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital), if any, for the last 12 months are available from the Manager on request and are also published on the Manager's website at www.gtjai.com (this website has not been reviewed by the SFC). Any changes regarding the distribution policy will be subject to the SFC's prior approval and not less than one month's advance notice to Shareholders.

APPENDIX 2: GUOTAI JUNAN USD MONEY MARKET FUND

*This Appendix (which forms part of, and should be read together with the rest of, this Explanatory Memorandum) relates to the Guotai Junan USD Money Market Fund (the "**Sub-Fund**"), a Sub-Fund of the Company. All references in this Appendix to the Sub-Fund are to Guotai Junan USD Money Market Fund. Terms defined in the main body of this Explanatory Memorandum have the same meaning when used in this Appendix.*

Base Currency

The Base Currency of the Sub-Fund is USD.

Investment objective

The Sub-Fund's objective is to invest in short term deposits and high quality money market investments. The Sub-Fund seeks to achieve a return in USD in line with prevailing money market rate.

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 short-term deposits and high quality money market instruments issued by governments, quasi-governments, international organisations, financial institutions and corporations. The Sub-Fund may invest up to 30% of its Net Asset Value in non USD-denominated short-term deposits and high quality money market instruments. The Manager will hedge non USD-denominated investments into USD in order to manage any material currency risk.

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 but are not limited to fixed income securities, commercial papers, certificates of deposits, short-term notes and commercial bills. The Sub-Fund may invest up to 100% of its Net Asset Value in fixed income securities, which may include but are not limited to government bonds, fixed and floating rate bonds.

The Sub-Fund will only invest in fixed income securities which are (i) rated investment grade or above; or (ii) (where the fixed income securities have no credit rating only) guaranteed by guarantors which are rated investment grade or above; or (iii) (where the fixed income securities have no credit rating and no guarantors) issued by issuers which are rated investment grade or above. For the purposes of the Sub-Fund, "investment grade" means a short-term credit rating of F3 or above by Fitch Ratings, P-3 or above by Moody's or A-3 or above by Standard & Poor's, or (in the absence of a short-term credit rating only) a long-term credit rating of BBB– or above by Fitch Ratings or Standard & Poor's or Baa3 or above by Moody's. In the case of split credit ratings between different credit rating agencies, the highest rating shall apply.

For onshore Mainland China fixed income securities, "investment grade" means a short-term credit rating of A-1, or (in the absence of a short-term credit rating only) a long-term credit rating of AAA, rated by China Chengxin International Credit Rating Co., Ltd, China Lianhe Credit Rating Co., Ltd or other local rating agencies recognised by the relevant authorities in Mainland China. In the case of split credit ratings between different credit rating agencies, 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 only be considered where the Sub-Fund invests in fixed income securities which have long-term credit ratings only and no short-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.

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

The Manager will assess the liquidity profile of instruments based on factors such as the time to cash, liquidation horizon, price volatility and bid-ask spread of such instruments (subject to the availability of such data). 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 high quality money market instruments or short-term deposits, except that the Sub-Fund may invest in aggregate up to 50% of its Net Asset Value in Mainland China. For the avoidance of doubt, the Sub-Fund may invest no more than 30% of its Net Asset Value in onshore Mainland China fixed income securities via the Manager's status as a qualified foreign investor ("**QFI**"), the mutual bond market access between Hong Kong and Mainland China (the "**Bond Connect**") and/or the Foreign Access Regime.

The aggregate value of the Sub-Fund's holding of instruments and deposits issued by a single entity will not exceed 10% of the total Net Asset Value of the Sub-Fund except: (i) where the entity is a substantial financial institution and the total amount does not exceed 10% of the entity's share capital and non-distributable capital reserves, the limit may be increased to 25%; or (ii) in the case of government and other public securities (as defined in the main body of this Explanatory Memorandum), 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.

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

Sale and repurchase transactions, reverse repurchase transactions and borrowing

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

The Sub-Fund may enter into sale and repurchase transactions for up to 10% of its Net Asset Value but only on a temporary basis for the purpose of meeting redemption requests or defraying operating expenses. The amount of cash received by the Sub-Fund under such transactions may not in aggregate exceed 10% of its Net Asset Value. Sale and repurchase transactions are transactions where the Sub-Fund sells securities such as bonds for cash and simultaneously agrees to repurchase the securities from the counterparty at a pre-determined future date for a pre-determined price. A sale and repurchase transaction is economically similar to secured borrowing, with the counterparty of the Sub-Fund receiving securities as collateral for the cash that it lends to the Sub-Fund.

For sale and repurchase transactions, the Manager will select independent counterparties approved by the Manager with credit rating of BBB– or above (by Moody's or Standard & Poor's, or any other equivalent ratings by internationally recognised credit rating agencies) or which are SFC-licensed corporations or are registered institutions with the Hong Kong Monetary Authority. Any incremental income generated will be credited to the account of the Sub-Fund after deducting any fees charged by parties operating such transactions.

It is the intention of the Manager to sell the securities for cash equal to the market value of the securities provided to the counterparty, subject to appropriate haircut. Cash obtained in sale and repurchase transactions will be used for meeting redemption requests or defraying operating expenses, but will not be re-invested.

The Sub-Fund may engage in reverse repurchase transactions (i.e. a transaction whereby the Sub-Fund purchases securities from a counterparty of sale and repurchase transactions and agrees to sell such securities back at an pre-determined price in the future) provided that the aggregate amount of cash provided to the same counterparty in reverse repurchase agreements may not exceed 15% of the Net Asset Value of the Sub-Fund.

Other investments

The Sub-Fund may invest up to 10% of its Net Asset Value in money market funds authorised in Hong Kong by the SFC under Chapter 8.2 of the Code or regulated in other jurisdictions in a manner generally comparable with the requirements of the SFC and acceptable to the SFC.

The Sub-Fund may invest up to 15% of its Net Asset Value in asset backed securities, such as mortgage backed securities. Such asset backed securities will be rated investment grade or above.

The Sub-Fund will enter into FDIs (including but not limited to interest rate swaps and currency swaps) for hedging purposes only.

Investment restrictions

No waivers from the investment restrictions set out in the main body of this Explanatory Memorandum have been sought or granted by the SFC.

In particular, the Sub-Fund is subject to the restrictions pursuant to Chapter 8.2 of the Code which are applicable to a money market fund.

Available Classes

The Sub-Fund currently has the following classes of Shares which are available to investors:

- Class A1
- Class A2 *(Note 1)*
- Class D1 *(Note 2)*
- Class D2 *(Note 2)*
- Class S *(Note 3)**

Notes:

1. Class A2 Shares are available for subscription by selected institutional investors as the Manager determines from time to time.

2. Class D1 Shares and Class D2 Shares are available for subscription by selected distributors as the Manager determines from time to time.

3. Class S Shares are available for subscription by the following categories of investors:

   (a) current employees and representatives (i.e. non-employee account executives) of the Manager or its affiliates; and

   (b) the Manager's clients, i.e. funds and discretionary accounts under the Manager's management.

The Manager will determine a person's eligibility to subscribe for Class A2, Class D1, Class D2 and Class S Shares and will have the absolute discretion to decline any subscription application for such Classes of Shares as it sees fit. Where a holder of Class A2, Class D1, Class D2 or Class S Shares (as the case may be) ceases to become eligible to subscribe for such Class of Shares, such holder may only redeem its Class A2, Class D1, Class D2 or Class S Shares (as the case may be) Shares and may not subscribe for additional Shares of the relevant Class.

The Manager may in future determine to issue additional Classes.

Initial Offer Period

The Initial Offer Period of the Sub-Fund will commence at 9:00 a.m. (Hong Kong time) on 12 April 2023 and end at 11:00 a.m. (Hong Kong time) on 27 April 2023 (or such other dates or times as the Manager may determine).

It is expected that the first Dealing Day will fall on the first Business Day immediately following the close of the Initial Offer Period.

Initial Subscription Price

The initial Subscription Price for each of Class A1, Class A2, Class D1, Class D2 and Class S is USD10 per Share.

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

Dealing procedures

For details of dealing procedures, please refer to the information below and in the sections headed "Subscription of Shares", "Redemption of Shares" and "Switching" in the main body of this Explanatory Memorandum. The following apply to the Sub-Fund:

Dealing Day	each Business Day
Dealing Deadline	11:00 a.m. (Hong Kong time) on the relevant Dealing Day

If any or the relevant subscription monies application is received after the Dealing Deadline in respect of a Dealing Day, then the application (together with the relevant subscription monies) will be deemed to have been received on the Dealing Day next following such receipt unless the Manager in its absolute discretion determines that the application (together with the relevant subscription monies) is deemed received on the original Dealing Day.

Investors should note that subscription monies in respect of the Sub-Fund must be paid in the relevant Class Currency. Redemption proceeds will be paid to redeeming Shareholders in the relevant Class Currency.

Payment of redemption proceeds

As set out in the main body of this Explanatory Memorandum, save as otherwise agreed by the Manager, and so long as relevant account details have been provided, redemption proceeds will normally be paid in the relevant Class Currency by telegraphic transfer, within 7 Business Days after the relevant Dealing Day and in any event within one calendar month of the relevant Dealing Day or (if later) receipt by the Company or its duly authorised agents of a duly completed redemption request and such other documents and information as the Directors may reasonably require, unless the market(s) in which a substantial portion of the Sub-Fund's investments is made is subject to legal or regulatory requirements (such as foreign currency controls) thus rendering the payment of the redemption proceeds within the aforesaid time period not practicable, but in such a case the SFC's prior approval will be sought before extending the time frame for payment, and such extended time frame should reflect the additional time needed in light of the specific circumstances in the relevant market(s).

Investment minima

The following investment minima apply to the Sub-Fund:

	Class A1	Class A2	Class D1	Class D2	Class S
Minimum initial investment amount	USD1,000	USD1,000,000	USD1	USD1	USD1,000
Minimum subsequent investment amount	USD1,000	USD100,000	USD1	USD1	USD1,000
Minimum holding amount	USD1,000	USD1,000,000	USD1	USD1	USD1,000
Minimum redemption amount	USD1,000	USD100,000	USD1	USD1	USD1,000

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

Subscription Price and Redemption Price

The Subscription Price and Redemption Price of the Sub-Fund (in respect of Class A1, Class A2, Class D1 and Class D2) on any Dealing Day will be the price per Share 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 Shares of that Class then in issue and rounded to 4 decimal places (0.00005 and above being rounded up; below 0.00005 being rounded down). Any rounding adjustment will be retained by the relevant Class.

Valuation

The Valuation Day will be each Dealing Day and the Valuation Point is 11:00 a.m. (Hong Kong time) on each Valuation Day, the first Valuation Day being the first Dealing Day following the initial offer period.

Publication of Net Asset Value

The latest Subscription Price and Redemption Price in respect of Shares and the Net Asset Value per Share of the Sub-Fund are available on the Manager's website at www.gtjai.com (this website has not been reviewed by the SFC).

Expenses and charges

The following are the actual fees and charges payable in respect of the Sub-Fund. Maximum fees permitted to be charged on one months' notice to Shareholders are set out under the section headed "Expenses and charges" in the main body of this Explanatory Memorandum. The Manager may in its discretion bear part of or all of the costs attributable to the Sub-Fund.

Fees payable by Shareholders

Fee	What you pay	
	Class A1, Class A2, Class D1 and Class D2	Class S
Subscription fee^	Up to 5% of the subscription amount	Nil
Switching fee^ (i.e. conversion fee)	Up to 1%* of the redemption price for each Share converted	Nil
Redemption fee^	Up to 1% of the redemption amount	Nil

* The switching fee will be deducted from the redemption proceeds and retained by the Manager. This is payable in addition to the applicable redemption fee (if any).

Fees payable by the Sub-Fund

Fee	Annual rate (as a % of the Sub-Fund's Net Asset Value)				
	Class A1	Class A2	Class D1	Class D2	Class S
Management fee^	0.30% per annum	0.10% per annum	0.60% per annum	0.40% per annum	Nil
Performance fee	Nil				
Custodian fee^	Up to 0.025% per annum				
Administration fee	Up to 0.075% per annum, subject to a minimum monthly fee of USD4,000				

^ Please note that some fees may be increased up to a permitted maximum amount by providing one month's prior notice to Shareholders. Please refer to the section headed "Expenses and charges" in the main body of this Explanatory Memorandum for further details on the permitted maximum of such fees allowed.

Additional risk factors

The following risk factors are specific to the Sub-Fund. Investors should also note the risk factors applicable to all Sub-Funds, including the Sub-Fund, which are set out in the section headed "Risk factors" in the main body of this Explanatory Memorandum.

Investment risk

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

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

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

Risk of not achieving investment objective

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

Concentration risk

The Sub-Fund will invest primarily in the USD-denominated short-term deposits and high quality money market instruments (which may include fixed income securities). The Sub-Fund's investments may also be concentrated in Mainland China. The Sub-Fund is therefore likely to be more volatile than a broad-based fund that adopts a more diversified strategy. The value of the Sub-Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the USD money markets or the Mainland China markets in which its investments are focused.

Risks relating to 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.

Risks relating to fixed income securities

Short-term fixed income instruments risk

As the Sub-Fund invests substantially in short-term fixed income instruments with short maturities, the turnover rates of the Sub-Fund's investments may be relatively high and the transaction costs incurred as a result of the purchase or sale of short-term fixed income instruments may also increase which in turn may have a negative impact on the Net Asset Value of the Sub-Fund. The Sub-Fund's underlying fixed income securities may become more illiquid when nearing maturity. It therefore may be more difficult to achieve fair valuation in the market.

Credit/counterparty risk

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

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

Volatility and liquidity risk

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

Interest rate risk

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

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

Credit rating risk

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

Credit rating agency risk

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

Risk of credit rating downgrades

Changing market conditions or other significant events, such as credit rating downgrades affecting issuers or major financial institutions, may also subject the Sub-Fund to increased liquidity risk as it may become more difficult for the Sub-Fund to dispose of its holdings of fixed income instruments at a reasonable price or at all, which would have an adverse impact on the value and performance of the Sub-Fund. The Manager may or may not be able to dispose of the fixed income instruments that are being downgraded.

Valuation risk

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

Sovereign debt risk

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

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

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

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

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

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

Corporate debt obligations

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

Asset backed securities risk

Asset backed securities may be highly illiquid and prone to substantial price volatility. These instruments may be subject to greater credit, liquidity and interest rate risk compared to other fixed income securities. They are often exposed to extension and prepayment risks and risks that the payment obligations relating to the underlying assets are not met, which may adversely impact the returns of the securities.

Currency risks

Underlying investments of the Sub-Fund may be denominated in currencies other than its Base Currency. 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 "Exchange rate risk" under the section headed "Risk factors" in the main body of this Explanatory Memorandum.

Borrowing risks

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

Derivatives risk

The Sub-Fund may invest in FDIs for hedging purposes and in adverse situations its use of FDIs may become ineffective and/or cause the Sub-Fund to suffer significant loss. 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 FDI by the Sub-Fund. Exposure to FDIs may lead to a high risk of significant loss by the Sub-Fund. Please refer to "risk of investing in FDIs" under the section headed "Risk factors" in the main body of this Explanatory Memorandum for further details.

Risks relating to sale and repurchase transactions

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

Risks relating to reverse repurchase transactions

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

Risk associated with investing in other collective investment schemes/funds

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

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

Mainland China related risks

Economic, political and social risks

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

Although the majority of productive assets in the Mainland China are still owned by the Mainland Chinese government at various levels, in recent years, the Mainland Chinese government has implemented economic reform measures emphasising utilisation of market forces in the development of the economy of the Mainland China and a high level of management autonomy. The economy of the Mainland China has experienced significant growth in the past 20 years, but growth has been uneven both geographically and among various sectors of the economy. Economic growth has also been accompanied by periods of high inflation. The Mainland Chinese government has implemented various measures from time to time to control inflation and restrain the rate of economic growth.

For more than 20 years, the Mainland Chinese government has carried out economic reforms to achieve decentralisation and utilisation of market forces to develop the economy of the Mainland China. These reforms have resulted in significant economic growth and social progress. There can, however, be no assurance that the Mainland Chinese 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 the Mainland China as well as the underlying investments of the Sub-Fund. Further, the Mainland Chinese government may from time to time adopt corrective measures to control the growth of the economy of the Mainland China which may also have an adverse impact on the capital growth and performance of the Sub-Fund.

Political changes, social instability and adverse diplomatic developments in the Mainland China could 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 fixed income instruments in the Sub-Fund's portfolio.

Investing in the Mainland China subjects the Sub-Fund to a higher level of market risk than investments in a developed country. This is due to, among other things, greater market volatility, lower trading volume, political and economic instability, settlement risk, greater risk of market shut down and more governmental limitations on foreign investment than those typically found in developed markets.

The performance of Mainland Chinese companies are correlated to the growth rate of the economy of the Mainland China, which in turn depend on the worldwide economic conditions, which have recently deteriorated significantly in many countries and regions and may remain depressed for the foreseeable future. There are many factors affecting the growth of the economy, including but not limited to interest rates, currency exchange rates, economic growth rate, inflation, deflation, political uncertainty, taxation, stock market performance, unemployment level and general consumer confidence. There can be no assurance that historical growth rates of the economy of the Mainland China will continue. Any future slowdowns or declines in the economy of the Mainland China may materially and adversely affect the business of the Mainland Chinese companies and as a result the performance of the Sub-Fund.

Mainland China laws and regulations risk

The regulatory and legal framework for capital markets and joint stock companies in the Mainland China may not be as well developed as those of developed countries. Mainland China laws and regulations affecting securities markets are relatively new and evolving, and because of the limited volume of published cases and judicial interpretation and their non-binding nature, interpretation and enforcement of these regulations involve significant uncertainties. In addition, as the legal system in the Mainland China develops, no assurance can be given that changes in such laws and regulations, their interpretation or their enforcement will not have a material adverse effect on their business operations.

Accounting and reporting standards risk

Accounting, auditing and financial reporting standards and practices applicable to Mainland Chinese 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.

Mainland China taxation risk

There can be no guarantee that new tax laws, regulations and practice in Mainland China specifically relating to the QFI regime, the Bond Connect and/or the Foreign Access Regime may be promulgated in the future. The promulgation of such new laws, regulations and practice may operate to the advantage or disadvantage of the Shareholders.

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

Please refer to the Mainland China tax risks and considerations set out in "Mainland China taxation" under the section headed "Taxation" in the main body of this Explanatory Memorandum for further details.

Based on professional and independent tax advice, the Manager has determined that the Sub-Fund does not make withholding tax provisions for capital gains, realised or unrealised, derived from the trading of onshore Mainland China debt securities.

There is a possibility of the Mainland China tax rules, regulations and practice being changed and taxes being applied retrospectively. There are also risks and uncertainties associated with the current Mainland China tax laws, regulations and practice. The Manager may, from time to time and based on independent tax advice, change the tax provision policy of the Sub-Fund.

As such, there is a risk that taxes may be levied in future on the Sub-Fund for which no provision is made, which may potentially cause substantial loss to the Sub-Fund. Shareholders may be disadvantaged or advantaged depending upon the final tax liabilities, the level of provision and when they subscribed and/or redeemed their Shares. If no provision is made by the Manager in relation to all or part of the actual tax levied in future, investors should note that the Net Asset Value of the Sub-Fund may be lowered, as the Sub-Fund will ultimately have to bear the full amount of tax liabilities. In this case, the additional tax liabilities will only impact Shares in issue at the relevant time, and the then existing Shareholders and subsequent Shareholders will be disadvantaged as such Unitholders will bear, through the Sub-Fund, a disproportionately higher amount of tax liabilities as compared to those borne at the time of investment in the Sub-Fund.

Risks associated with QFI regime

QFI systems risk

The current QFI Regulations include rules on investment restrictions applicable to the Sub-Fund. Transaction sizes for QFIs are relatively large (with the corresponding heightened risk of exposure to decreased market liquidity and significant price volatility leading to possible adverse effects on the timing and pricing of acquisition or disposal of securities).

The regulations which regulate investments by QFIs in the Mainland China and the repatriation of capital from QFI investments are relatively new. The application and interpretation of such investment regulations are therefore relatively untested and there is no certainty as to how they will be applied as the Mainland Chinese authorities and regulators have been given wide discretion in such investment regulations and there is no precedent or certainty as to how such discretion may be exercised now or in the future. Any change to the QFI system may also adversely affect the value of the Sub-Fund's investments.

QFI regulations/status risk

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

PRC sub-custodian and PRC Brokers risk

The Manager (as the QFI holder) selects PRC brokers (each a "**PRC Broker**") and a PRC sub-custodian to act on its behalf in the onshore Mainland China securities markets and to maintain its assets in safe custody, respectively. The Sub-Fund is exposed to the credit risk of the relevant PRC Brokers or PRC sub-custodian. In the event of any default of either a PRC Broker or the PRC sub-custodian in the execution or settlement of any transaction or in the transfer of any funds or securities in the Mainland China, the Sub-Fund may encounter delays in recovering its assets which may in turn impact the net asset value of the Sub-Fund and may incur significant losses.

Investors should note that cash deposited in the cash account of the Sub-Fund with the PRC sub-custodian will not be segregated but will be a debt owing from the PRC sub-custodian to the Sub-Fund as a depositor. Such cash will be co-mingled with cash belong to other clients of the PRC sub-custodian. In the event of bankruptcy or liquidation of the PRC sub-custodian, the Sub-Fund will not have any proprietary rights to the cash deposited in such cash account, and the Sub-Fund will become an unsecured creditor, ranking pari passu with all other unsecured creditors, of the PRC sub-custodian. The Sub-Fund may face difficulty and/or encounter delays in recovering such debt, or may not be able to recover it in full or at all, in which case the Sub-Fund will suffer losses.

Repatriation risk

Repatriations by QFIs conducted in RMB for a fund such as the Sub-Fund are not subject to any restrictions, lock-up periods or prior approval. There is no assurance, however, that the rules and regulations in the Mainland China will not change or that repatriation restrictions will not be imposed in the future. Any restrictions on repatriation of the invested capital and net profits may impact on the Sub-Fund's ability to meet redemption requests from Unitholders.

Risks associated with Bond Connect and Foreign Access Regime

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

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

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

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

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

Operational and settlement risks

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

As the Sub-Fund may invest in the Mainland China market, it may also be exposed to risks associated with settlement procedures. Any significant delays in the settlement of transactions or the registration of a transfer may affect the ability to ascertain the value of the Sub-Fund's portfolio and adversely affect the Sub-Fund.

Dividends risk

There is no assurance that the Sub-Fund will declare to pay dividends or distributions. The ability of the Sub-Fund to pay distributions also depends on interest payments made by issuers of the fixed income instruments net of any dividend withholding tax or provision for withholding tax and the level of fees and expenses payable by the Sub-Fund. Investors will not receive any interest payments, dividends or other distributions directly from the issuers of the fixed income instruments within the Sub-Fund's portfolio.

The ability of the issuers of fixed income instruments to make interest payments is based on numerous factors, including their current financial condition and general economic conditions. There can be no assurance that such companies will be able to honour payment obligations.

Investors may not therefore receive any distributions.

Distributions out of/effectively out of capital risk

The Manager may at its discretion pay dividends out of income or capital (or effectively out of capital) (or partly one and partly the other), and furthermore any applicable charges, fees and expenses of the Sub-Fund may be paid out of the assets of the Sub-Fund. Payment of dividends out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the Sub-Fund's capital or effectively out of capital may result in an immediate reduction of the Net Asset Value per Share of the relevant Class. The Manager may amend its distribution policy with respect to distributions out of capital (and/or effectively out of capital) of the Sub-Fund subject to the SFC's prior approval and by giving not less than one month's prior notice to Shareholders.

Risks relating to FATCA

Please also refer to "FATCA" under the section headed "Taxation" in the main body of this Explanatory Memorandum for further details on FATCA and related risks.

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

Reports and accounts

The first accounts for the Sub-Fund covered the period up to 31 December 2023.

Distribution policy

In respect of each Class, the Manager has discretion as to whether or not to make any distribution and as to the frequency and amount of distributions. Any payment of the distributions will be made in the relevant Class Currency.

Investors should note that there is no guarantee of regular distribution nor, where distribution is made, the amount being distributed. Distributions declared (if any) will be paid to Shareholders at their own risk and expense by telegraphic transfer in the relevant Class Currency.

The Manager may at its discretion pay dividends out of the capital of the Sub-Fund. The Manager may also, at its discretion, pay dividend out of gross income while all or part of the fees and expenses of the Sub-Fund are charged to/paid out of the capital of the Sub-Fund, resulting in an increase in distributable income for the payment of dividends by the Sub-Fund and therefore, the Sub-Fund may effectively pay dividend out of capital.

Payment of dividends out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the Sub-Fund's capital or effectively out of capital may result in an immediate reduction of the Net Asset Value per Share of the relevant Class. Please refer to "Distributions out of/effectively out of capital risk" and "Dividends risk" in the section headed "Additional risk factors" in this Appendix for details of the foregoing risks.

The composition of dividends (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital), if any, for the last 12 months are available from the Manager on request and are also published on the Manager's website at www.gtjai.com (this website has not been reviewed by the SFC). Any changes regarding the distribution policy will be subject to the SFC's prior approval and not less than one month's advance notice to Shareholders.