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**Taikang Premier Investment OFC**  
**泰康卓越理財開放式基金型公司**

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

**PRIVATE PLACING MEMORANDUM**

**July 2022**

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## PRELIMINARY

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**IMPORTANT – If you are in any doubt about the contents of this Placing Memorandum, you should seek independent financial advice.**

This Placing Memorandum comprises information relating to Taikang Premier Investment OFC 泰康卓越理財開放式基金型公司 (the “**Company**”). The Company is a Hong Kong private open-ended fund company with variable capital with limited liability and segregated liability between sub-funds regulated under the SFO (as defined below). The Company was incorporated pursuant to an Instrument of Incorporation filed with the Registrar of Companies of Hong Kong on and effective as of 12 July 2021, with registration number OF16 and CE number BRH817.

This Placing Memorandum is provided on a confidential basis solely for the information of those persons to whom it is transmitted so that they may consider an investment in the Participating Shares of the Sub-Fund(s) of the Company.

The Directors, whose names appear below in the section headed “*Management and Administration - Directors*”, accept responsibility for the information contained in this Placing Memorandum. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Placing Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information as at the date of this Placing Memorandum. The Directors may at their discretion supplement, update, revise, restate and/or amend this Placing Memorandum from time to time.

**SFC Registration:** The Company has been registered with the SFC (as defined below) pursuant to the SFO. Each of the Sub-Funds established under the Company is not authorised under section 104 of the SFO for offer to the public and its offering documents have not been authorised by the SFC under section 105 of the SFO. The SFC’s registration is not a recommendation or endorsement of the Company nor does it guarantee the commercial merits of the Company or its performance. It does not mean the Company is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

**IMPORTANT** – 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.

The Instrument of Incorporation gives powers to each of the Directors and the Manager to compulsorily redeem the Participating Shares held by a Shareholder, or to require such Participating Shares to be transferred to a Qualified Holder where Participating Shares are held by a person who is not a Qualified Holder or by any person in breach of any law or requirement of any country, any governmental authority or any stock exchange on which such Participating Shares are listed. or by any person or persons in circumstances which, in the opinion of the Directors or the Manager, might result in a Sub-Fund, the Company, the Directors, any Service Provider and/or other Shareholders incurring any liability to taxation or requiring registration with any regulatory authority or suffering any other pecuniary disadvantage or would subject a Sub-Fund, the Company, the Directors, any Service Provider and/or other Shareholders to any additional regulation which the Sub-Fund, the Company, the Directors, any Service Provider and/or other Shareholders might not otherwise have incurred or suffered or been subject to.

Any information given or representation made by any dealer, salesman or other person and (in either case) not contained herein should be regarded as unauthorised and, accordingly, should not be relied upon. Neither the delivery of this Placing Memorandum nor the offer, issue or sale of Participating Shares shall,

under any circumstances, constitute a representation that the information contained in this Placing Memorandum is correct as of any time subsequent to the date hereof.

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

This Placing Memorandum is intended solely for the use of the person to whom it has been delivered for the purpose of evaluating a possible investment by the recipient in the Participating Shares described herein, and is not to be reproduced or distributed to any other persons (other than professional advisers of the prospective investor receiving this Placing Memorandum). The offering contemplated in this Placing Memorandum is not, and shall not under any circumstances be construed as, a public offering of the Participating Shares described in this Placing Memorandum.

The Company may be subject to anti-money laundering regulation in multiple jurisdictions. Under such regulation, the Company may be required to implement an internal anti-money laundering compliance program; any information obtained as part of the Company's anti-money laundering procedures (including records of the Company) may be required to be disclosed to anti-money laundering authorities in such jurisdictions.

No action has been taken to permit the distribution of this Placing Memorandum in any jurisdiction where action would be required for such purpose. Accordingly, no person receiving a copy of this Placing Memorandum and/or an Application Form in any territory may treat the same as constituting an invitation to him to purchase or subscribe for Participating Shares nor should he in any event use such an Application Form unless in the relevant territory such an invitation could lawfully be made without compliance with any registration or other legal requirement.

**It is the responsibility of any person in possession of this Placing Memorandum and any person wishing to apply for the Participating Shares pursuant to this Placing Memorandum to inform themselves of, and to observe all applicable laws and regulations of any relevant jurisdiction.**

In particular, potential investors should note the following:

### **Hong Kong**

#### **WARNING:**

The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

Each of the Company and the Sub-Funds is a "complex product" for the purposes of the Code of Conduct for Persons Licensed By or Registered With the Securities and Futures Commission. Participating Shares may not be offered or sold in Hong Kong by means of this Placing Memorandum or any other document other than to persons who are "professional investors" as defined in the SFO and rules made thereunder or in circumstances which do not constitute an offer to the public for the purposes of the SFO or any other applicable legislation in Hong Kong. This Placing Memorandum is distributed on a confidential basis and may not be reproduced in any form or transmitted to any person other than the person to whom it has been sent. No interest in the Company will be issued to any person other than the person to whom this Placing Memorandum has been sent.

Unless otherwise stated in the relevant Appendix, an investment in a Sub-Fund is not guaranteed or principal protected. Past performance is not indicative of future performance.

## **China**

No invitation to offer, or offer for, or sale of, Participating Shares will be made to the public in China (which, for such purposes, does not include the Hong Kong or Macau Special Administrative Regions or Taiwan) or by any means that would be deemed public under the laws and regulations of China. The information relating to Participating Shares contained in this Placing Memorandum has not been submitted to or approved by the China Securities Regulatory Commission nor any other relevant governmental authority in China. The Participating Shares may only be offered or sold to Chinese investors that are authorized to buy and sell securities denominated in foreign currencies. Potential investors resident in China are responsible for obtaining all relevant approvals from the relevant Chinese government authorities, including but not limited to the State Administration of Foreign Exchange, before purchasing Participating Shares.

## **AIFMD**

Neither the Company nor the Manager has complied with, or currently intends to comply with, the requirements of the Alternative Investment Fund Managers Directive (“**AIFMD**”) of the European Union. Accordingly, (i) no direct or indirect offering or placement by or on behalf of the Company or the Manager (including by any intermediary, distribution agent, placement agent or other person) of Participating Shares may be made to or with investors domiciled or with a registered office in member states of the European Union in breach of either the applicable requirements under the AIFMD or the applicable requirements under the private placement regime in each relevant member state and (ii) the Company and the Manager will only accept subscriptions for Participating Shares from investors domiciled or with a registered office in a member state of the European Union in accordance with the applicable laws and regulations of the European Union and the relevant member state. Notwithstanding the foregoing, the Company and the Manager reserve the right to take such steps, including to make such amendments to this Placing Memorandum, as they reasonably deem to be appropriate in their sole discretion, in order to comply with any applicable requirements under the AIFMD or under the private placement regime in any relevant member state.

## **United States of America**

The Participating Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), or any state or other securities laws, and may not be offered or sold in the United States of America or to US Persons other than distributors, unless the Participating Shares are registered under the Securities Act, or an exemption from the registration requirements of the Securities Act is available. The Company will not be registered under the United States Investment Company Act of 1940, as amended (the “**Investment Company Act**”) in reliance on exemptions thereunder. Accordingly, the Participating Shares are subject to further restrictions on transferability and resale and may not be transferred or resold to US Persons except as permitted under the Securities Act, the Investment Company Act and any other applicable federal, state or other securities laws, pursuant to registration or an exemption from them. There will be no public market for the Participating Shares, and there is no obligation on the part of any person to register the Participating Shares under the Securities Act or any state securities laws.

The Company may be required to disclose information obtained by the Company as part of its anti-money laundering procedures (including records of the Company) to the United States Financial Crimes Enforcement Network of the United States Treasury in accordance with the USA Patriot Act if any US Person is permitted to invest in the Company or a Sub-Fund.

## **Other Jurisdictions**

The absence of a discussion in this Placing Memorandum and the Appendices regarding sales restrictions of Participating Shares in any particular jurisdiction does not imply that Participating Shares may or may not be purchased in such jurisdiction by prospective investors. Jurisdictions not addressed in this Placing Memorandum or the Appendices may or may not permit the purchase of Participating Shares by prospective investors who are subject to the laws and regulations of such jurisdictions. Prospective investors should consult their own professional advisers with respect to the purchase of Participating Shares.

**An investment in the Company or a Sub-Fund may be deemed speculative and is not intended as a complete investment programme. It is designed only for experienced and sophisticated persons who are able to bear the risk of the substantial impairment or loss of their investment in the Company or the relevant Sub-Fund. There will not be any public market for the Participating Shares and, unless stated otherwise in the relevant Appendix, the Participating Shares are not listed on any stock exchange. This Placing Memorandum, the Appendices and the Instrument of Incorporation together provide for restrictions on dealing with Participating Shares.**

**Statements made in this Placing Memorandum and the Appendices are based on the law and practice in force at the date of this Placing Memorandum or the relevant Appendix and are subject to changes therein.**

**In connection with a potential investment in a Sub-Fund, this Placing Memorandum must be read together with the Appendix to this Placing Memorandum relating to the relevant Sub-Fund. An Appendix sets out the details relating to a particular Sub-Fund (which may include, without limitation, specific information on such Sub-Fund and additional and/or alternative terms, conditions and restrictions applicable to such Sub-Fund). Any of the contents of this Placing Memorandum may, in relation a particular Sub-Fund, be varied by the Appendix relating to such Sub-Fund. In the event of any inconsistency between the provisions of an Appendix in relation to a specific Sub-Fund or Class or Series of Participating Shares and this Placing Memorandum, the provisions of the Appendix shall apply in relation to that Sub-Fund, Class or Series.**

## TABLE OF CONTENTS

Heading	Page Number
DEFINITIONS .....	1
DIRECTORY .....	7
STRUCTURE.....	8
INVESTMENT CONSIDERATIONS.....	9
Investment Objective, Strategy and Restrictions .....	9
Soft Wind-Down.....	9
Changes to Investment Objective, Strategy or Restrictions .....	9
Risk Management .....	9
Liquidity Risk Management Policy .....	9
MANAGEMENT AND ADMINISTRATION.....	11
Directors.....	11
Manager .....	12
Administrator .....	13
Custodian .....	14
Prime Broker.....	16
Auditors .....	16
INVESTING IN THE COMPANY.....	17
Sub-Funds and Participating Shares .....	17
Initial Offering of Participating Shares.....	17
Subsequent Issues .....	17
Minimum Initial and Subsequent Subscription .....	18
Subscription Charge.....	18
Subscription Procedures .....	18
Subscription Payment Procedures .....	19
Subscription in Specie .....	19
General Provisions on Issue.....	19
Restrictions on Issue .....	20
New Issues and other Affected Investments.....	20
Anti-Money Laundering Regulations .....	21
Sanctions.....	21
Series Shares and Consolidation of Shares.....	22
Redemptions .....	23
Redemption Price.....	23
Minimum Redemption and Holding Amounts .....	23
Redemption Charge .....	24
Redemption Payment Procedures .....	24
Restrictions on Redemption.....	25
Compulsory Redemptions and Transfers.....	26
Redemption in Specie .....	27
Conversion of Participating Shares.....	27

Special Purpose Vehicles .....	29
<b>RISK FACTORS .....</b>	<b>30</b>
Investment Objective .....	30
Availability of Investment Opportunities .....	30
Leverage Risk .....	30
Volatility Risk.....	30
Hedging Transactions May Increase Risk of Capital Losses .....	31
Equity Securities .....	31
Debt Instruments.....	31
Debentures and Debt Securities Risks .....	31
Credit Rating Risk .....	32
Over-The-Counter Market Risk.....	32
Derivatives Risk.....	32
Counterparty Risk .....	33
Risk of Trading in Options and Futures.....	33
Repurchase Agreements .....	34
Reverse Repurchase Agreements.....	34
Portfolio Investments May Be Volatile .....	34
Concentration Risk .....	34
Liquidity of Investment Portfolio .....	35
Inability to Transact as a Result of Exposure to Material Non-Public Information .....	35
Foreign Currency Markets .....	35
Economic and Political Risks .....	35
Settlement Risks .....	35
Custody Risks .....	35
Securities Borrowing .....	36
Short Selling .....	36
Securities Lending .....	36
Exchange Limitations on Trading.....	37
Reliance on Publicly Available Information .....	37
Indemnification of the Company's Directors, Service Providers Etc. ....	37
Absence of Operating History .....	37
Reliance on Management.....	37
Principals of the Manager Not Full Time .....	38
Reliance on Service Providers .....	38
Risks Relating to the Lack of Management Control by Investor .....	38
Performance Fee .....	38
Dividends and Distributions .....	38
Risks Relating to the Creation of New Sub-Funds or New Classes or Series of Participating Shares.....	38
Risks Relating to Open-Ended Fund Companies – Cross Sub-Fund Liability.....	39
Risks Relating to Open-Ended Fund Companies – Cross Class Liability .....	39
Conflicts of Interest .....	39
Valuation and Accounting .....	39
Pricing Adjustments Risk .....	40
Effect of Substantial Redemptions .....	40
Risk of Termination of Sub-Fund.....	40
Amendment of Redemption Rights .....	40

Distributions In Specie.....	41
Potential Clawback of Redemption Proceeds of Participating Shares .....	41
Taxation Risk.....	41
Risk of Force Majeure and Accidents.....	41
Potential Implications of an Epidemic and/or a Pandemic .....	41
Electronic Delivery of Information Risk .....	42
Cyber Crime and Security Breaches .....	42
Side Letters .....	43
Handling of Mail.....	43
Requests for Information .....	43
Legal Counsel to the Company.....	44
United States FATCA .....	44
Sustainability Risks.....	45
Climate-related Risks.....	45
 ACCOUNTS AND INFORMATION.....	 47
 DIVIDEND POLICY .....	 48
 TAXATION .....	 49
Hong Kong.....	49
Other Jurisdictions .....	52
Automatic Exchange of Financial Account Information.....	53
 CHARGES AND EXPENSES .....	 54
Manager’s Fees .....	54
Prime Brokerage Fees .....	54
Administrator’s Fees.....	54
Custodian’s Fees .....	54
Directors’ Fees .....	54
General Expenses.....	54
Changes to Fees .....	56
Best Execution, Commission Rebates and Soft Commissions .....	56
 VALUATION AND PRICES .....	 57
Calculation of Net Asset Value .....	57
Suspension .....	58
Subscription and Redemption Prices .....	60
 POTENTIAL CONFLICTS OF INTEREST .....	 62
 GENERAL INFORMATION .....	 64
Material Contracts.....	64
Inspection of Documents .....	64
Trade Errors .....	64
Instrument of Incorporation .....	65
Share Capital.....	70
Transfer of Participating Shares .....	70
Restriction on Shareholders .....	71
Side Letters .....	71



“Master-feeder” Structure .....	72
Disclosure of Information to Regulatory and Tax Authorities .....	72
Personal Data .....	72
Amendment of Fund Documents .....	72
Enquiries .....	73
APPENDIX .....	74
Summary of Liquidity Risk Management Policy .....	74

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## DEFINITIONS

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- “Accounting Date”** unless otherwise stated in the relevant Appendix for a particular Sub-Fund, 31 December in each year or such other date as the Directors may from time to time determine;
- “Administration Agreement”** the agreement between the Company for and on behalf of the relevant Sub-Fund(s) and the Administrator, by which the Company for and on behalf of the relevant Sub-Funds(s) has appointed the Administrator to provide certain administrative, transfer agent and registrar services to the Company and the relevant Sub-Fund(s);
- “Administrator”** unless otherwise stated in the relevant Appendix for a particular Sub-Fund, CMB (HK) Trustee Company Limited or such other person, firm or corporation appointed to act and for the time being acting as administrator, transfer agent and registrar in respect of the Company and the relevant Sub-Fund(s). References to the “Administrator” in this Placing Memorandum and the Appendices shall, where appropriate, be deemed to include any duly appointed agent or delegate of the Administrator;
- “AEOI”** Automatic Exchange of Financial Account Information, which refers to one or more of the following, as the context requires:
- (a) Sections 1471 – 1474 of the US Internal Revenue Code of 1986, as amended (referred to as the Foreign Account Tax Compliance Act or “**FATCA**”);
  - (b) the Organisation for Economic Co-operation and Development Standard for Automatic Exchange of Financial Account Information in Tax Matters – the Common Reporting Standard and any associated guidance;
  - (c) any intergovernmental agreement, treaty, regulation, guidance, standard or other agreement between the Hong Kong government (or any government body in Hong Kong) and any other jurisdiction (including any government bodies in such jurisdiction), entered into in order to comply with, facilitate, supplement or implement the legislation, regulations, guidance or standards described in (a) and (b) above; and
  - (d) any legislation, regulations or guidance in Hong Kong that give effect to the matters outlined in the preceding (a) to (c) above;
- “Appendix”** an appendix to this Placing Memorandum containing specific information in relation to a Sub-Fund and/or the Classes or Series of Participating Shares in relation to such Sub-Fund;
- “Application Form”** the application form or subscription agreement for the subscription of Participating Shares in the relevant Sub-Fund

	or, as the context may require, of a particular Class or Series relating to a Sub-Fund;
<b>“Auditors”</b>	Ernst & Young in its capacity as the auditors of the Company and each Sub-Fund;
<b>“Base Currency”</b>	in relation to a Sub-Fund, the currency of account of the Sub-Fund as disclosed in the relevant Appendix;
<b>“Business Day”</b>	unless otherwise stated in the relevant Appendix for a particular Sub-Fund, a day (excluding Saturdays, Sundays, public holidays and on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong at any time between the hours of 9:00 a.m. and 5:00 p.m.) on which licensed banks are open for general business in Hong Kong. For the avoidance of doubt, different Business Days may be determined in relation to each Sub-Fund;
<b>“Class”</b>	in relation to a Sub-Fund, a class of Participating Shares of that Sub-Fund issued at the discretion of the Directors; the specific features of each class are as stated in the relevant Appendix;
<b>“Class Currency”</b>	in relation to a Class of Participating Shares of a Sub-Fund, the Base Currency of such Sub-Fund or such other currency of account of such Class as stated in the relevant Appendix;
<b>“Closing Date”</b>	in relation to a Sub-Fund or a Class or Series of Participating Shares of a Sub-Fund, the date on which the Initial Offer Period for the Sub-Fund or the relevant Class or Series closes, as stated in the relevant Appendix;
<b>“Company”</b>	Taikang Premier Investment Fund OFC 泰康卓越理財開放式基金型公司;
<b>“Custodian”</b>	unless otherwise stated in the relevant Appendix for a particular Sub-Fund, CMB (HK) Trustee Company Limited or such other person, firm or corporation appointed to act and for the time being acting as custodian of the assets of the Company and/or one or more Sub-Funds, other than assets held by any Prime Broker appointed in relation to the Company or such Sub-Funds;
<b>“Custodian Agreement”</b>	the agreement between the Company for and on behalf of the relevant Sub-Fund(s) and the Custodian, by which the Company for and on behalf of the relevant Sub-Fund(s) has appointed the Custodian to provide custody services to the Company and the relevant Sub-Fund(s);
<b>“Directors”</b>	the directors of the Company or any duly appointed committee of the directors;
<b>“HK dollars”, “HKD”, “HK\$”</b>	the lawful currency of Hong Kong;

<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the People’s Republic of China;
<b>“Initial Offer Period”</b>	in relation to a Sub-Fund or a Class or Series of Participating Shares of a Sub-Fund, the initial period (if any) during which the Participating Shares of such Sub-Fund or such Class or Series are being offered to investors, as stated in the relevant Appendix;
<b>“Initial Offer Price”</b>	in relation to a Participating Share or a Class or Series of Participating Shares of a Sub-Fund, the initial offer price per Participating Share during the applicable Initial Offer Period as stated in the relevant Appendix;
<b>“Initial Sub-Fund”</b>	Taikang Stable Growth Fund (泰康穩定增長基金), being the initial Sub-Fund of the Company;
<b>“Instrument of Incorporation”</b>	the Instrument of Incorporation of the Company as amended and/or restated from time to time;
<b>“Lock Up Period”</b>	<p>in relation to a Sub-Fund or a Class or Series of Participating Shares of a Sub-Fund, such period (if any) as may be determined by the Directors and stated in the relevant Appendix, during which a Participating Share of such Sub-Fund or such Class or Series may not be redeemed without the consent of the Manager, whether generally or in a particular case.</p> <p>For the avoidance of doubt, where no Lock Up Period is provided in the relevant Appendix, there shall be no Lock Up Period applicable to the Participating Shares issued in respect of the Sub-Fund or a Class or Series of the Sub-Fund;</p>
<b>“Management Agreement”</b>	the agreement between the Company for and on behalf of the Sub-Fund(s) and the Manager, by which the Company for and on behalf of the Sub-Fund(s) has appointed the Manager as the manager of the Company and the Sub-Fund(s) to provide certain investment management, administrative and other general supervisory services;
<b>“Management Share”</b>	a voting, non-participating share in the capital of the Company which is issued as a Management Share and having the rights and being subject to the restrictions provided by or in accordance with the Instrument of Incorporation and this Placing Memorandum;
<b>“Manager”</b>	Taikang Asset Management (Hong Kong) Company Limited (泰康資產管理(香港)有限公司);
<b>“misconduct”</b>	has the meaning given to it under Section 112T of the SFO (as amended) and, in relation to an officer of the Company other than a Director, means negligence, default, breach of duty or breach of trust on the part of the officer occurring in

the course of performing duties as an officer in relation to the Company;

**“Net Asset Value” or “NAV”**

the net asset value of the Company or (as the context may require) of a Sub-Fund or of a Participating Share or a Participating Share of a Class or of a Series, calculated in accordance with the Instrument of Incorporation or in such other manner as set out in the relevant Appendix;

**“Participating Share”**

a limited voting, participating redeemable share in the capital of the Company. Participating Shares may be divided into Classes in the discretion of the Directors in accordance with the provisions of the Instrument of Incorporation and each Class may be further divided into different Series and the term “Participating Share” shall include all such Classes and Series of Participating Shares;

**“Payment Deadline”**

in relation to a Sub-Fund or a Class or Series of Participating Shares of a Sub-Fund, such time on such date prior to the issue of the relevant Participating Shares as stated in the relevant Appendix or as the Directors may in their discretion otherwise determine whether generally or in any particular case;

**“Prime Broker”**

in relation to a Sub-Fund, such entity as may be appointed from time to time as a prime broker for the Sub-Fund, as stated in the relevant Appendix;

**“Qualified Holder”**

unless otherwise stated in the relevant Appendix for a Sub-Fund, any person, corporation or entity other than (a) a US Person which is not a US Person who has acquired Participating Shares with the consent of the Directors (provided that the number or nature of such persons shall not exceed such number or shall include such qualification as the Directors shall determine from time to time with a view to precluding the Company from being required to register as an investment company under the United States Investment Company Act of 1940, as amended), (b) any person, corporation or entity which cannot acquire or hold Participating Shares without violating any law, regulation or requirement of any country or governmental or other competent authority, or (c) a custodian, nominee, or trustee for any person described in (a) or (b) above;

**“Redemption Day”**

in relation to a Sub-Fund, such Business Days or such other day or days as set out in the relevant Appendix or as the Directors may otherwise from time to time prescribe. For the avoidance of doubt, different Redemption Days may be determined in relation to each Sub-Fund;

**“Redemption Dealing Deadline”**

in relation to a Sub-Fund, such time on such day before the Valuation Point in relation to the relevant Redemption Day as set out in the relevant Appendix or as the Directors may otherwise in their discretion determine whether generally or in any particular case. For the avoidance of doubt, different

	Redemption Dealing Deadlines may be determined in relation to each Sub-Fund;
<b>“Redemption Notice”</b>	a redemption notice for the redemption of Participating Shares of a Sub-Fund or, as the context may require, of a particular Class or Series relating to a Sub-Fund;
<b>“Redemption Price”</b>	the price calculated in the manner described in the section headed “ <i>Valuation and Prices - Subscription and Redemption Prices</i> ” or in such other manner as set out in the relevant Appendix at which Participating Shares of a Sub-Fund or of a Class or Series relating to a Sub-Fund will be redeemed;
<b>“Renminbi”, “RMB”</b>	the lawful currency of the People’s Republic of China (excluding the special administrative regions of Hong Kong and Macau);
<b>“Series”</b>	a separate series of Participating Shares of a Class;
<b>“Service Providers”</b>	any of the Manager, the Administrator, the Custodian, the Prime Broker(s) and other service providers to a Sub-Fund as stated in the relevant Appendix and their respective delegates, as the context may require;
<b>“SFC”</b>	the Securities and Futures Commission of Hong Kong;
<b>“SFO”</b>	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended;
<b>“Share”</b>	any share in the capital of the Company whether the same be a Management Share or Participating Share;
<b>“Shareholders”</b>	persons registered in the Company’s register as holders of Participating Shares;
<b>“Sub-Fund”</b>	a separate part of the property of the Company that is established pursuant to the Instrument of Incorporation and that is invested and administered separately;
<b>“Subscription Day”</b>	in relation to a Sub-Fund, such Business Days or such other day or days as set out in the relevant Appendix or as the Directors may otherwise from time to time prescribe. For the avoidance of doubt, different Subscription Days may be determined in relation to each Sub-Fund;
<b>“Subscription Dealing Deadline”</b>	in relation to a Sub-Fund, such time on such day before the Valuation Point in relation to the relevant Subscription Day as set out in the relevant Appendix or as the Directors may otherwise in their discretion determine whether generally or in any particular case. For the avoidance of doubt, different Subscription Dealing Deadlines may be determined in relation to each Sub-Fund;
<b>“Subscription Price”</b>	the price calculated in the manner described in the section headed “ <i>Valuation and Prices - Subscription and Redemption</i> ”

*Prices*” or in such other manner as set out in the relevant Appendix at which Participating Shares of a Sub-Fund or of a Class or Series of a Sub-Fund will be issued;

**“US dollars”, “US\$”**

the lawful currency of the United States of America;

**“US Person”**

a person who is so defined by Regulation S under the United States Securities Act of 1933, as amended;

**“Valuation Day”**

in relation to a Sub-Fund, such Business Days or such other day or days as set out in the relevant Appendix or as the Directors may otherwise from time to time prescribe, at which the Net Asset Value of a Sub-Fund falls to be calculated;

**“Valuation Point”**

unless otherwise stated in the relevant Appendix for a Sub-Fund, the close of business in the last relevant market to close on each Valuation Day or such other time on that day or such other day as the Directors may from time to time determine either generally or in relation to a particular Sub-Fund.

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## DIRECTORY

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Directors:	ZHANG Le CHEN Yilun
Registered Office:	39/F, Bank of China Tower 1 Garden Road Central Hong Kong
Manager:	Taikang Asset Management (Hong Kong) Company Limited 39/F, Bank of China Tower 1 Garden Road Central Hong Kong
Custodian:	CMB (HK) Trustee Company Limited 31/F, Three Exchange Square 8 Connaught Place Central Hong Kong
Prime Broker:	(where applicable, as set out in the relevant Appendix relating to a particular Sub-Fund)
Administrator:	CMB (HK) Trustee Company Limited 31/F, Three Exchange Square 8 Connaught Place Central Hong Kong
Auditors:	Ernst & Young 22/F, CITIC Tower 1 Tim Mei Avenue Central Hong Kong
Legal Advisers:	Deacons 5 <sup>th</sup> Floor Alexandra House 18 Chater Road Central Hong Kong



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## STRUCTURE

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### **The Company**

The Company is a Hong Kong private open-ended fund company with variable capital with limited liability and segregated liability between Sub-Funds regulated under the SFO.

The Company is a single legal entity. A Sub-Fund is not a legal person separate from the Company but the assets of a Sub-Fund may be subject to orders of the court as if it were a separate legal person. Any references in this Placing Memorandum or the relevant Appendix to a Sub-Fund carrying out certain activities and entering into certain transactions should be construed as the Company doing so for the account of the relevant Sub-Fund.

### **The Sub-Funds**

As an open-ended fund company, the Company is permitted to create and issue Participating Shares relating to one or more Sub-Fund(s) in order to segregate the assets and liabilities of the Company held on behalf of a Sub-Fund from the assets and liabilities of the Company held on behalf of any other Sub-Fund.

Under Hong Kong law:

- (a) the assets of a Sub-Fund belong exclusively to that Sub-Fund and must not be used to discharge the liabilities of, or the claims against, any other person, including the Company and any other Sub-Fund;
- (b) any liability incurred on behalf of, or attributable to, a Sub-Fund may only be discharged out of the assets of that Sub-Fund; and
- (c) the Company may allocate any assets or liabilities that it receives or incurs on behalf of the Sub-Funds or in order to enable the operation of the Sub-Funds and that are not attributable to any particular Sub-Fund between the Sub-Funds in a manner that the Company considers is fair to Shareholders.

One or more Classes and / or Series of Participating Shares may be issued in respect of each Sub-Fund, as stated in the relevant Appendices. Subject to applicable laws and regulations and the Instrument of Incorporation, the Directors may create new Sub-Funds and may issue new Classes or Series of Participating Shares relating to existing or new Sub-Funds from time to time without the consent of, or notification to, existing Shareholders. A Class of Participating Shares may be issued in Series and Classes and Series may be issued in different currencies, may have different investment parameters, asset portfolios, fee structures, liquidity terms and other features.

### **Base Currency**

The Base Currency of each Sub-Fund is set out in the relevant Appendix. Each Class of Participating Shares of a Sub-Fund is denominated in the relevant Class Currency, which may be the Base Currency of the Sub-Fund to which such Class relates or such other currency of account of the Class as stated in the relevant Appendix.

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## INVESTMENT CONSIDERATIONS

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### **Investment Objective, Strategy and Restrictions**

The investment objective of a Sub-Fund, the investment strategy and investment restrictions, the borrowing policy and any additional risk factors applicable to such Sub-Fund, as well as other important details are set out in the Appendix relating to such Sub-Fund.

### **Soft Wind-Down**

In addition, if the Directors determine that the investment objectives and strategy of the Company or a Sub-Fund are no longer viable they may resolve that the Company or the Sub-Fund (as applicable) be managed with the objective of realising assets of the Company or the Sub-Fund (as applicable) in an orderly manner and distributing the proceeds to Shareholders in such manner as they determine to be in the best interests of the Sub-Fund, in accordance with the terms of the Instrument of Incorporation (“**Soft Wind-Down**”), including, without limitation, compulsorily redeeming Participating Shares of the Company or the Sub-Fund (as applicable), paying any redemption proceeds in specie and/or declaring a suspension of dealings in Participating Shares of the Company or the Sub-Fund (as applicable) while assets and investments are being realised. This process is integral to the business of the Company and the Sub-Funds but shall be without prejudice to the right of the Directors or the Shareholders to terminate the Company or a Sub-Fund in accordance with the Instrument of Incorporation.

### **Changes to Investment Objective, Strategy or Restrictions**

Unless otherwise stated in the relevant Appendix, any material changes to the investment objective and strategy, investment restrictions and/or borrowing and leverage limits of a Sub-Fund may be made by the Directors at any time on giving such prior written notice to the Shareholders of the Sub-Fund as the Directors consider reasonable to provide such Shareholders with the opportunity to redeem on a Redemption Day (including any additional Redemption Day declared by the Directors) prior to the effective date of any such material changes. Any changes to the investment objective and strategy, investment restrictions and/or borrowing and leverage limits of a Sub-Fund which are considered immaterial by the Directors will be notified to Shareholders of the Sub-Fund as soon as reasonably practicable.

### **Risk Management**

The Manager has adopted risk management procedures intended to identify, measure, manage and monitor risks in connection with the investment of the assets of each Sub-Fund, including market risk, liquidity risk, issuer and counterparty and credit risk and operational risk, taking into account the nature, scale and complexity of the business of the Manager and the investment objective and strategy of the relevant Sub-Fund. Other risks may arise from time to time. There is no guarantee that such risk management procedures will be effective to mitigate the effect of such risks on a Sub-Fund.

### **Liquidity Risk Management Policy**

Liquidity risk is the risk that a particular position cannot be easily unwound or offset due to insufficient market depth or market disruption; or that a Sub-Fund’s financial obligations (such as investor redemptions) cannot be met. An inability to sell a particular investment or portion of a Sub-Fund’s assets may have a negative impact to the value of the Sub-Fund and to the Sub-Fund’s ability to meet its investment objectives. Additionally, an inability to sell a Sub-Fund’s assets may have negative implications for investors in the Sub-Fund being able to redeem in a timely fashion, and also to investors who remain invested in the Sub-Fund.

A summary of the liquidity risk management policy of the Manager in respect of a Sub-Fund is set out a Schedule to this Placing Memorandum.

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## MANAGEMENT AND ADMINISTRATION

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### Directors

The Directors are responsible for the overall management of the Company, including but not limited to the investment of the assets of each Sub-Fund.

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

As of the date of this Placing Memorandum, the Directors of the Company are as follows:

#### ZHANG Le

Ms. Zhang has solid experience in fixed income research, investment and business development. She is currently the Deputy Chief Executive Officer of the Manager. Previously she has been working as Renminbi bond portfolio manager for 8 years. Before joining Taikang group in 2003, Ms. Zhang was a fixed income manager for 2 years with Huatai Insurance, and an analyst with China Technical Imp. & Exp. Corp for 3 years.

Ms. Zhang received a Bachelor of Arts degree from the University of International Business and Economics in 1996, and a Master of Business Administration degree from Emory University in 2001.

#### CHEN Yilun

Mr. Chen presently carries multiple roles and accountabilities within the Taikang group and its subsidiaries, including as the Executive Committee member of Taikang Asset Management, as Chief Executive Officer and a Director for the Manager, and the General Manager of the Investment Management Department of Taikang Insurance Group.

Mr. Chen joined the Manager in 2015. Prior to joining the Manager, Mr. Chen worked as an Analyst in the China Team at Goldman Sachs Asset Management from 2013 to 2015.

Mr. Chen holds a Bachelor of Arts in Economics degree from Harvard College and has close to a decade of diversified experience in insurance and investment management industry.

The remuneration (if any) payable to the Directors is set out in the section headed “*Charges and Expenses – Directors’ Fees*”. The Directors may fix the emoluments of Directors with respect to services to be rendered in any capacity to the Company.

Pursuant to the Instrument of Incorporation, the Company shall indemnify each Director or former Director or other officer of the Company (each an “**Indemnified Person**”) against all costs, charges, losses, expenses and liabilities incurred by such Indemnified Person in the execution and/or discharge of the Indemnified Person’s duties and/or the exercise of the Indemnified Person’s powers and/or otherwise in relation to or in connection with the Indemnified Person’s duties, powers or office, other than by reason of such Indemnified Person’s misconduct in relation to the Company.

The Company may also take out, and pay for, insurance policies for the benefit of the Indemnified Persons against any liability attaching to the Indemnified Person in connection with any act or omission in relation to the Company or any liability incurred by the Indemnified Person in defending any

proceedings (whether civil or criminal) taken against the Indemnified Person for any act or omission in relation to the Company.

## **Manager**

The Manager is Taikang Asset Management (Hong Kong) Company Limited (泰康資產管理(香港)有限公司). It is a limited liability company incorporated in Hong Kong on 9 November 2007. It is licensed by the SFC for type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities with CE number ARG103.

The Manager's type 1 license is subject to the following conditions:

- the licensee shall only provide services to professional investors. The term "professional investor" is as defined in the Securities and Futures Ordinance and its subsidiary legislation.

The Company has appointed the Manager to manage the assets of the Company and each Sub-Fund and to provide asset valuation and pricing functions in respect of the Company and each Sub-Fund, pursuant to the Management Agreement. In addition, the Manager shall assist the Company in the selection, appointment and ongoing monitoring of the Auditor and other Service Providers. The Directors may also delegate to the Manager any other powers and functions of the Directors as they deem fit, including the power to exercise any of the discretions otherwise specified in this Placing Memorandum or an Appendix as being exercisable by the Directors.

The Manager may delegate management of the assets of the Company or a Sub-Fund and its asset valuation, pricing and other functions to others in accordance with the Management Agreement. The Manager has delegated its asset valuation and pricing functions in respect of the Company and the Sub-Funds to the Administrator.

Under the Management Agreement, the Manager and its directors, officers, employees, delegates and agents shall be entitled for the purpose of indemnity against all actions, proceedings, liabilities, costs, claims, expenses and demands which may be brought against suffered or incurred by the Manager by reason of its performance or non-performance of its obligations or functions under the terms of the Management Agreement (other than any misconduct, fraud or bad faith on the part of the Manager) including all legal professional and other expenses incurred by the Manager in the performance of its obligations or functions and including indemnity obligations owed by the Manager. Notwithstanding the foregoing, the Manager shall not be exempted from or indemnified against any liability in connection with the Manager's misconduct or be indemnified against such liability by Shareholders or at Shareholders' expense. The Manager shall be liable to the Company for any loss, damage or expense arising from its misconduct, fraud or bad faith.

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

- the Company goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Manager), becomes bankrupt or has a receiver appointed over its assets or if some event having an equivalent effect occurs; or
- at any time the Company commits a material breach of its obligations under the Management Agreement and (if such breach shall be capable of remedy) fails within 30 days of receipt of notice served by the Manager requiring it to make good such breach.

The Manager must retire or is subject to removal by notice in writing from the Directors (as the case may be) where:

- the Manager ceases to be eligible to be a manager of OFCs or is prohibited from being a manager of OFCs under the laws and regulations or when the SFC withdraws its approval of the Manager as the manager of the Company or the Sub-Funds; or
- the Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Company), becomes bankrupt or has a receiver appointed over its assets or if some event having an equivalent effect occurs; or
- the Manager commits a material breach of its obligations under the Management Agreement and (if such breach shall be capable of remedy) fails within 30 days of receipt of notice served by the Company requiring it to make good such breach; or
- if any law shall be passed which renders it illegal or, in the opinion of the Directors, impracticable or inadvisable for the Manager to continue to manage the assets of the Company or the Sub-Funds; or
- when for good and sufficient reason, the Directors state in writing that a change in Manager is desirable in the interests of the Shareholders.

In the event the Manager shall retire or be removed or its appointment shall otherwise terminate, the Company shall appoint another entity eligible under applicable laws and regulations, and subject to any requisite approvals, to act as the investment manager of the Company and its Sub-Fund(s) in place of the Manager on or before the expiry of any period of notice of the Manager's retirement or removal.

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

As at the date of this Placing Memorandum, the directors of the Manager are as follows:

Dr. DUAN Guosheng  
Ms. XING Yi  
Dr. ZHANG Jingguo  
Mr. CHEN Yilun  
Mr. FENG Tieliang  
Ms. ZHANG Le

#### **Administrator**

Unless otherwise provided under the relevant Appendix relating to a Sub-Fund, CMB (HK) Trustee Company Limited has been appointed to act as administrator of the Company and each Sub-Fund pursuant to the Administration Agreement.

Pursuant to the Administration Agreement, the Administrator will perform certain accounting, administrative, transfer agent, registrar and other services for the Company. The Administrator is permitted to delegate its duties to entities (the "**Delegates**") which are selected by the Administrator.

Under the terms of the Administration Agreement, the Company agrees to indemnify, and to keep indemnified on a full indemnity basis, the Administrator, its officers, employees, agents and Delegates (each an "**Administrator Indemnified Person**") against all Liabilities (as defined in the Administration Agreement) to which an Administrator Indemnified Person may be or become subject or which may be

incurred in the discharge or purported discharge of any of the Administrator's duties or services under the Administration Agreement or in respect of any matter or thing done or omitted to be done in connection with the Administration Agreement (including all reasonable legal fees and expenses), and to defend and hold each Administrator Indemnified Person harmless from all losses, costs, damages and expenses (including reasonable legal fees) and liabilities for any claims, demands or actions (each referred to as a "Loss"), incurred by an Administrator Indemnified Person in connection with the Administration Agreement, in providing the services and obligations under the Administration Agreement or in connection with breach of the Administration Agreement by the Company or any Sub-Fund, except for any reasonable Loss directly resulting from the Administrator's Gross Negligence (as defined in the Administration Agreement), wilful misconduct or fraud.

The Administrator will not be responsible for any loss, Liability (as defined in the Administration Agreement) or damage suffered by the Company and/or a Sub-Fund as a result of any act or failure to act by the Administrator unless the loss, Liability (as defined in the Administration Agreement) or damage directly results from the Administrator's breach of the Administration Agreement because of its gross negligence, wilful misconduct or fraud. The Administrator has no liability for the acts, omissions, defaults or insolvency of any agent, Delegate or clearing system not directly resulting from the Gross Negligence (as defined in the Administration Agreement), wilful misconduct or fraud of the Administrator.

The Administration Agreement can be terminated by either party thereof on not less than three months' prior written notice or in the other circumstances detailed in the Administration Agreement.

The Administrator is a Service Provider appointed by the Company and it does not provide any investment advisory or management services to the Company and/or the Sub-Fund. It is also not responsible for, inter alia, the preparation of the Placing Memorandum (including the relevant Appendices) or any of the Company marketing or other materials, the Company's investment returns or losses or for monitoring compliance with any investment restrictions (and as such is not liable for any breach thereof).

The Company for the account of each Sub-Fund reserves the right, in its discretion and without prior notice to or approval of Shareholders, to change the administration arrangements described above including, but not limited to, the appointment of an alternative Administrator.

The Administrator is entitled to the fees mentioned below in the section headed "*Charges and Expenses – Administrator's Fee*".

## **Custodian**

Unless otherwise provided under the relevant Appendix relating to a Sub-Fund, CMB (HK) Trustee Company Limited has been appointed to act as custodian of the assets of the Company and each Sub-Fund pursuant to the Custodian Agreement.

The Custodian is responsible for the safe-keeping of all the securities, cash and other assets forming part of the assets of the Company and each Sub-Fund, and such assets will be dealt with pursuant to the terms of the Custodian Agreement. The Custodian must exercise reasonable care, skill and diligence to ensure the safe-keeping of the Company's and the Sub-Fund's property entrusted to it.

The Custodian may, from time to time appoint sub-custodians, nominees, sub-contractors, sub-delegates or agents (collectively, the "**Custodian Delegate(s)**") in respect of the whole or any part of the assets of any Sub-Fund, subject to the applicable regulatory requirements and the Custodian Agreement. The Custodian shall exercise reasonable care, skill and diligence in the selection, appointment, ongoing monitoring and periodic review of the Custodian Delegates and be satisfied that the Custodian Delegates retained remain suitably qualified and competent to provide the relevant service.

Under the terms of the Custodian Agreement, the Company agrees to indemnify, and to keep indemnified on a full indemnity basis, the Custodian, its officers, employees, agents and Custodian Delegates (each a

“**Custodian Indemnified Person**”) against all Liabilities (as defined in the Custodian Agreement) to which a Custodian Indemnified Person may be or become subject or which may be incurred in the discharge or purported discharge of any of the Custodian’s duties or services under the Custodian Agreement or in respect of any matter or thing done or omitted to be done in connection with the Custodian Agreement (including all reasonable legal fees and expenses), and to defend and hold each Custodian Indemnified Person harmless from all losses, costs, damages and expenses (including reasonable legal fees) and liabilities for any claims, demands or actions (each referred to as a “**Loss**”), incurred by a Custodian Indemnified Person in connection with the Custodian Agreement, in providing the services and obligations under the Custodian Agreement or in connection with breach of the Custodian Agreement by the Company or any Sub-Fund, except for any Loss directly resulting from the Custodian’s misconduct or fraud. For the purposes of this section, “misconduct” shall include negligence, default, breach of duty or breach of trust on part of the Custodian occurring in the course of performing duties as custodian in relation to the Company and/or a Sub-Funds.

The Custodian will not be responsible for any loss, Liability (as defined in the Custodian Agreement) or damage suffered by the Company and/or a Sub-Fund as a result of any act or failure to act by the Custodian unless the loss, Liability (as defined in the Custodian Agreement) or damage directly results from the Custodian’s breach of the Custodian Agreement because of its misconduct or fraud. The Custodian has no liability for the acts, omissions, defaults or insolvency of any agent, Custodian Delegate or clearance system not directly resulting from the misconduct or fraud of the Custodian.

Notwithstanding the foregoing, the Custodian shall not be exempted from any liability to the Shareholders under Hong Kong law and shall not be indemnified against such liability by the Shareholders or at the Shareholders’ expense. The Custodian also shall not be indemnified out of the property of the Sub-Fund or excused from liability for any misconduct on the part of the Custodian.

The fees and expenses of the Custodian Delegates or any persons appointed by the Custodian in relation to the relevant Sub-Fund shall, if approved by the Directors, be paid out of the relevant Sub-Fund.

The Custodian is a Service Provider appointed by the Company for and on behalf of the Sub-Fund and it does not provide any investment advisory or management services to the Company and/or the Sub-Fund. It is also not responsible for, inter alia, the preparation of the Placing Memorandum (including the relevant Appendices) or any other of the Company’s marketing or other materials; the Company’s investment returns or losses or for monitoring Compliance with any investment restrictions (and as such is not liable for any breach thereof).

The appointment of the Custodian may be terminated by not less than three months’ prior notice in writing, provided that the Custodian may not retire as custodian of the Company except upon the appointment of a replacement custodian.

In addition, under the Custodian Agreement, the Custodian must cease to hold office by written notice taking immediate effect if:-

- (a) the Custodian or the Company goes into liquidation or is unable to pay its debts or commits any act of bankruptcy under the laws of the place of its incorporation or if a receiver is appointed of any of the assets of the Company or if some event having an equivalent effect occurs; or
- (b) for good and sufficient reason the Directors state in writing that a change in the Custodian is desirable in the interests of the Shareholders. The Company may change the custodian arrangements described above by agreement with the Custodian or appoint an alternative Custodian without prior notice to Shareholders.

The Custodian is entitled to the fees mentioned below in the section headed “*Charges and Expenses – Custodian’s Fee*”.



The Custodian is a service provider to the Company and each Sub-Fund and is not responsible for the preparation of this Placing Memorandum and, other than the information contained in this Placing Memorandum with respect to the Custodian, accepts no responsibility for any information contained in this Placing Memorandum.

### **Prime Broker**

The Company may from time to time appoint one or more prime brokers in relation to a Sub-Fund. Details of any such appointment will be set out in the relevant Appendix.

### **Auditors**

Ernst & Young has been appointed as the auditors for the Company and each Sub-Fund pursuant to the terms of an engagement letter entered into between the Company and the Auditors. The engagement letter contains provisions limiting the liability of the Auditors to a multiple of the fees paid except to the extent that such liability arises as a result determined by a court of competent jurisdiction or a regulator with authority over the Auditors that such liability resulted from the Auditors' misconduct. Other release and indemnity provisions are also contained in the engagement letter relating to consequential loss, third party claims and fraudulent acts or omissions, misrepresentations or wilful default on the part of the Company. Notwithstanding the foregoing, the Auditors shall not be exempted from or indemnified against any liability in connection with the Auditors' misconduct, or be indemnified against such liability by Shareholders or at Shareholders' expense.

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## INVESTING IN THE COMPANY

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### **Sub-Funds and Participating Shares**

Participating Shares of a Sub-Fund are offered to Qualified Holders on the terms as described in this Placing Memorandum and the relevant Appendix.

The Directors reserve the right to establish and issue additional Classes of Participating Shares of a Sub-Fund from time to time without the consent of, or notification to, existing Shareholders (subject to applicable laws and regulations and the Instrument of Incorporation). Each such Class may be issued in different currencies, with different investment parameters, fee structures, liquidity terms, reporting rights and other features. The Directors may at any time in their discretion cease to offer any Class of Participating Shares, reopen a Class of Participating Shares for subscription and/or limit the aggregate amount of subscriptions.

The Directors also reserve the right to establish new Sub-Funds and to issue Participating Shares of such new Sub-Funds from time to time without the consent of, or notification to, existing Shareholders.

### **Initial Offering of Participating Shares**

Participating Shares of a Class or Classes or Series of a Sub-Fund will be offered to investors during the Initial Offer Period at the Initial Offer Price as set out in the relevant Appendix.

Unless otherwise provided for in the relevant Appendix, to subscribe for Participating Shares of a Sub-Fund during the relevant Initial Offer Period, duly completed Application Forms and application moneys in cleared funds must be received by the Administrator and/or the Manager on or before 5:00 pm (Hong Kong time) on the Closing Date. In respect of Application Forms and application moneys in cleared funds which are received by such time, Participating Shares will be issued on the Business Day immediately following the Closing Date or such other day as specified in the relevant Appendix. If Application Forms and/or application moneys in cleared funds are received after such time, the relevant applications shall, unless otherwise determined by the Manager, be carried forward to the first Subscription Day following the Closing Date and shall be dealt with at the Subscription Price applicable on that day.

Moneys 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 moneys will accrue for the benefit of the relevant Sub-Fund.

### ***Minimum Initial Size***

Where stated in the relevant Appendix, the offering of Participating Shares of a Sub-Fund may be subject to a targeted minimum total subscription amount being received on or before the close of the Initial Offer Period. In the event that the targeted minimum total subscription amount is not received or the Directors, in consultation with the Manager, are of the opinion that it is not in the commercial interest of investors or not feasible, as a result of adverse market conditions or otherwise, to proceed with the launch of the Sub-Fund, the Directors, in consultation with the Manager, have the sole discretion to determine whether: (A) to extend the Initial Offer Period, (B) to not proceed with the launch of the Sub-Fund or (C) to proceed with the launch of the Sub-Fund notwithstanding that the targeted minimum total subscription amount has not been received. In the event that the Directors determine not to proceed with the launch of the relevant Sub-Fund, all application moneys will be returned without interest by telegraphic transfer to the bank account originally debited at the risk and expense of the applicant.

### **Subsequent Issues**

Unless otherwise provided for in the relevant Appendix, following the close of the Initial Offer Period, Participating Shares of such Class or Classes or Series of a Sub-Fund as the Directors may from time to time designate are available for subscription on any Subscription Day in respect of duly completed applications which are received before the Subscription Dealing Deadline (provided that application moneys in cleared funds shall be received before the Payment Deadline). The Manager has discretion to accept applications received after the Subscription Dealing Deadline provided they are received before the Valuation Point relating to the relevant Subscription Day. Participating Shares subscribed in respect of a Subscription Day after the Initial Offer Period shall be treated as having been allotted and issued on the relevant Subscription Day notwithstanding that the applicant for those Participating Shares may not be entered into the register of members until after the Subscription Day.

The price at which Participating Shares of a Sub-Fund will be issued on any particular Subscription Day will be the Subscription Price per Participating Share determined in the manner described below in the section headed “*Valuation and Prices - Subscription and Redemption Prices*” or in such other manner as described in the relevant Appendix.

Unless otherwise stated in the relevant Appendix, to subscribe for Participating Shares of a Sub-Fund on a Subscription Day, duly completed Application Forms must be received by the Administrator and/or the Manager by the Subscription Dealing Deadline in respect of the relevant Subscription Day while application moneys in cleared funds must be received by the applicable Payment Deadline. Where Application Forms are received after the Subscription Dealing Deadline, such applications shall be carried over to the next Subscription Day and the Participating Shares will then be issued at the Subscription Price applicable on that day. The Manager has the discretion to accept late applications received after the relevant deadline provided that the relevant Application Forms are received prior to the Valuation Point relating to the relevant Subscription Day.

Where application moneys are received prior to a Subscription Day, interest earned on these moneys (if any) will accrue for the benefit of the relevant Sub-Fund.

### **Minimum Initial and Subsequent Subscription**

The minimum initial subscription and minimum subsequent subscription for each applicant in respect of a Class or Series of Participating Shares of a Sub-Fund shall be as described in the relevant Appendix.

### **Subscription Charge**

Where stated in the relevant Appendix, a subscription charge may be imposed in connection with a subscription for Participating Shares of a Sub-Fund.

### **Subscription Procedures**

All applications for Participating Shares must be made by way of properly completed Application Forms.

Applications should be sent in the manner outlined in the Application Forms to the Administrator and/or the Manager.

Applications may be sent by post or (provided the originals follow promptly) by facsimile or email. Investors should note that none of the Company, the Sub-Funds or the Service Providers or their respective agents and/or delegates accept any responsibility for any loss caused as a result of non-receipt, mis-delivery or illegibility of any application sent by facsimile or email (notwithstanding any facsimile transmission report or email record produced by the originator of such facsimile or email disclosing that such facsimile or email was sent) or for any loss caused in respect of any action taken as a consequence of such facsimile or email instructions believed in good faith to have originated from properly authorised persons or for any loss as a result of Application Form being considered improperly or inadequately completed.

## **Subscription Payment Procedures**

Unless otherwise stated in the relevant Appendix, no Participating Shares of a Sub-Fund will be issued unless and until the relevant application moneys have been received in cleared funds by or on behalf of the Company for the account of the relevant Sub-Fund.

Unless the applicant has made arrangements with the Manager to make payment in some other currency or by some other method, payment must be made in the Class Currency of the Participating Shares by telegraphic transfer to the account specified in the Application Form. Application moneys 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 application moneys before investment in Participating 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.

All application moneys must originate from an account held in the name of the applicant. No third parties payments shall be permitted. The applicant bears the responsibility of providing any payment proof in the name of the applicant.

## **Subscription in Specie**

Unless otherwise stated in the relevant Appendix, the Manager may in its discretion agree to accept payment for Participating Shares of a Sub-Fund in specie instead of in cash. In such circumstances, the assets to be transferred to the relevant Sub-Fund will be valued in such manner as the Manager may determine (subject to (i) the terms of the Instrument of Incorporation, and (ii) such valuation not exceeding the maximum value that would apply if those assets were valued on the date of exchange in accordance with the valuation rules described below in the section headed "*Valuation and Prices - Calculation of Net Asset Value*"), and the relevant investor will be issued Participating Shares of the relevant Sub-Fund having an equivalent value to such assets, after allowing for payment of a subscription charge (if any) in respect of such Participating Shares. Participating Shares will only be issued on vesting of the assets in or for the account of the Sub-Fund. Any costs of transferring the assets to or for the account of the Sub-Fund will be borne by the relevant investor and, accordingly, will be deducted from the value of such assets in determining the number of Participating Shares of the relevant Sub-Fund to be issued to such investor.

## **General Provisions on Issue**

Fractions of a Participating Share rounded down to two decimal places will be issued or such other number of decimal places as stated in the relevant Appendix. Application moneys representing smaller fractions will be retained for the benefit of the relevant Sub-Fund.

Unless the Directors otherwise determine (either generally or for a particular Class of Participating Shares), Participating Shares will be in registered form and certificates will not be issued. A contract note will be sent as soon as practicable to successful applicants.

Where a subscription for Participating Shares is accepted, the Participating Shares will be treated as having been issued with effect from the relevant Subscription Day notwithstanding that the applicant for those Participating Shares may not be entered in the Company's register of members until after the relevant Subscription Day. The application moneys paid by an applicant for Participating Shares will accordingly be subject to investment risk in the relevant Sub-Fund from the relevant Subscription Day if not earlier, as described elsewhere in this Placing Memorandum, the relevant Appendix and/or Application Form.

Participating Shares of a Sub-Fund may not be issued during the period of any suspension of the determination of the Net Asset Value of the relevant Sub-Fund and/or of the issue of Participating Shares of the relevant Sub-Fund (for details see the section below headed “*Valuation and Prices - Calculation of Net Asset Value*”). Once completed applications have been received by the Administrator, they are irrevocable except in the event of such suspension, or unless the Directors agree otherwise.

### **Restrictions on Issue**

The Manager reserves the right to accept or reject any application for Participating Shares in whole or in part for any reason. If any application is rejected in whole or in part, the application moneys or (where an application is accepted in part only) the balance thereof will be returned (without interest) in the relevant Class Currency (or the Base Currency of the relevant Sub-Fund, as applicable) by telegraphic transfer to the bank account originally debited at the risk and expense of the applicant.

Each investor must represent and warrant to the Company that, among other things, the investor is able to acquire Participating Shares without violating applicable laws. The Company will not knowingly, offer or sell Participating Shares to any investor to whom such offer or sale would be unlawful. In particular, Participating Shares may not be offered or sold to any person other than a Qualified Holder.

### **New Issues and other Affected Investments**

In the event that the Directors decide, in their sole discretion, that a Sub-Fund will invest in public offerings of securities that would be deemed “new issues” under any applicable rules of the United States Financial Industry Regulatory Authority (the “**New Issues Rule**”), the Directors reserve the right to restructure any existing Class of Participating Shares of the relevant Sub-Fund to facilitate such investment, including by restructuring such existing Class into two Classes. The first Class of Participating Shares of the relevant Sub-Fund would be held by investors subject to the New Issues Rule which would have no economic participation in “new issues” assets so that no profits or losses associated with “new issues” are allocated to such Class of Participating Shares. The second Class of Participating Shares of the relevant Sub-Fund would be held by Shareholders not subject to the New Issues Rule which would have full economic participation in “new issues” assets.

From time to time, governments may impose restrictions on direct and indirect investment in certain investments (“**Affected Investments**”) that apply to investors but do not apply to the Company or the Sub-Funds (each an “**Investor Restriction**”). For example, the U.S. government may issue an Executive Order or sanctions (“**EO**”) that prohibits “U.S. persons” (as defined in the relevant EO) from participating in the profits and losses arising from investments in certain companies. In the event that the Directors decide, in their sole discretion, that a Sub-Fund will continue to hold Affected Investments that the Sub-Fund has invested in prior to the effective date of the relevant Investor Restriction or will in the future invest or continue to invest in Affected Investments, the Directors reserve the right to restructure any existing Class of Participating Shares of the relevant Sub-Fund to facilitate such investment or holding, including by restructuring such existing Class into two Classes and (if considered necessary or desirable) sale of that portion of Affected Investments attributable to investors subject to the relevant Investor Restriction. The first Class of Participating Shares of the relevant Sub-Fund would be held by investors subject to the relevant Investor Restriction which would have no ownership or other economic participation in new investments in Affected Investments and (if the Directors decide, in their sole discretion) existing investments in Affected Investments, so that no ownership, profits or losses associated with such Affected Investments are allocable to such Class of Participating Shares. The second Class of Participating Shares of the relevant Sub-Fund would be held by Shareholders not subject to the relevant Investor Restriction which would have full economic participation in Affected Investments. Such restructuring may result in a change in the number or value of Participating Shares in the relevant Sub-Fund held by investors subject to the Investor Restriction.

The Directors have discretion to determine, among other things: (i) the manner in which “new issues” and Affected Investments are purchased, held, transferred and sold by a Sub-Fund and any adjustments (including interest) with respect thereto; (ii) the time at which “new issues” are no longer considered as such under the New Issues Rule; and (iii) the time at which Affected Investments are no longer considered as such under the relevant Investor Restriction. The Directors also have the discretion to determine (i) the Shareholders of a Sub-Fund who are eligible and ineligible to participate in new issues and/or Affected Investments; (ii) the method by which profits and losses from Affected Investments are to be allocated among such persons in a manner the Directors reasonably believe is consistent with the relevant Investor Restriction; and (iii) the method by which profits and losses from “new issues” are to be allocated among such persons in a manner that is permitted under the New Issues Rule (including whether the relevant Sub-Fund will avail itself of the “de minimis” exemption or any other exemption).

### **Anti-Money Laundering Regulations**

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

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

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

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

### **Sanctions**

The Company is subject to laws that restrict it from dealing with entities, individuals, organisations and/or investments which are subject to applicable sanctions regimes.

Accordingly, the Company will require the applicant to represent and warrant, on a continuing basis, that it is not, and that to the best of its knowledge or belief its beneficial owners, controllers or authorised persons (“**Designated Persons**”) (if any) are not; (i) named on any list of sanctioned entities or individuals maintained by the US Treasury Department’s Office of Foreign Assets Control (“**OFAC**”), the US Department of the Treasury’s Financial Crimes Enforcement Network (“**FinCEN**”) or the United Nations (“**UN**”) Security Council (ii) operationally based or domiciled in a country or territory in relation to which sanctions imposed by the UN, OFAC, FinCEN and/or Hong Kong apply, or (iii) otherwise subject to sanctions imposed by the UN, OFAC, FinCEN or Hong Kong (collectively, a “**Sanctions Subject**”).

Where the applicant or a Designated Person is or becomes a Sanctions Subject, the Company may be required immediately and without notice to the applicant to inform the Hong Kong Joint Financial Intelligence Unit, freeze the applicant's accounts, monies or economic resources and cease any further dealings with the applicant and/or the applicant's interest in the Company until the applicant ceases to be a Sanctions Subject, or a licence is obtained under applicable law to continue such dealings (a "**Sanctioned Persons Event**"). The Company, the Directors, the Administrator and the Manager shall have no liability whatsoever for any liabilities, costs, expenses, damages and/or losses (including but not limited to any direct, indirect or consequential losses, loss of profit, loss of revenue, loss of reputation and all interest, penalties and legal costs and all other professional costs and expenses) incurred by the applicant as a result of a Sanctioned Persons Event.

In addition, should any investment made on behalf of the Company subsequently become subject to applicable sanctions, the Company may immediately and without notice to the applicant cease any further dealings with that investment until the applicable sanctions are lifted or a licence is obtained under applicable law to continue such dealings.

#### *Other Jurisdictions*

Many jurisdictions are in the process of changing or creating anti-money laundering, embargo and trade sanctions, or similar laws, regulations, requirements (whether or not with force of law) or regulatory policies and many financial intermediaries are in the process of changing or creating responsive disclosure and compliance policies (collectively, the "**Requirements**"). In connection with the Requirements, the Company could be requested or required to obtain certain assurances from applicants subscribing for Participating Shares, disclose information pertaining to them to governmental, regulatory or other authorities or to financial intermediaries or engage in due diligence or take other related actions in the future. It is the Company's policy to comply with Requirements to which it is or may become subject and to interpret Requirements broadly in favour of disclosure. Each applicant will be required to agree in the Application Form, and will be deemed to have agreed by reason of owning any Participating Shares, that it will provide additional information or take such other actions as may be necessary or advisable for the Company (in the sole judgment of the Company, the Manager and/or the Administrator) to comply with any Requirements, related legal process or appropriate requests (whether formal or informal) or otherwise. Each applicant by executing the Application Form consents, and by owning Participating Shares is deemed to have consented, to disclosure by the Company and its agents to relevant third parties of information pertaining to it in respect of Requirements or information requests related thereto. Failure to honour any such request may result in redemption by the Company or a forced sale to another investor of such applicant's Participating Shares.

#### **Series Shares and Consolidation of Shares**

The Directors have the discretion to determine that a Class of Participating Shares will be issued in Series for any reason.

Without limiting the generality of the foregoing, the Directors may determine that a Class of Participating Shares of a Sub-Fund will be issued in Series in order to ensure, so far as reasonably practicable, that Shareholders bear any performance fee payable to the Manager according to the actual performance of their Participating Shares. If a Class of Participating Shares will be issued in Series for such purposes, a new Series of Participating Shares of such Class may be issued on each Subscription Day for such Class in respect of which subscription applications are received. Participating Shares of each Series of a Class will carry identical rights save that the proportion of a Sub-Fund represented by Participating Shares of each Series of a Class will differ. This system has been adopted to, *inter alia*, facilitate the calculation and allocation of the performance fee by reference to the performance of the relevant Participating Shares, having regard to the different times and/or prices at which such Participating Shares were acquired.

The Company may cause two or more Series of Participating Shares of any Class of a Sub-Fund to be consolidated, provided that the total value of the relevant Shareholder's investment in the relevant Sub-Fund will not change due to the consolidation. It should be noted that the number of Participating Shares held by a Shareholder may change following such consolidation.

In order to simplify the administration of those Sub-Funds where the Directors have determined that a Class of Participating Shares will be issued in Series, upon the crystallisation of a performance fee in respect of any two or more Series of Participating Shares of a Class of a Sub-Fund at the last Valuation Point of the relevant performance period, the Company will normally consolidate all of such Series of the Class by compulsorily redeeming all Participating Shares in such Series of Participating Shares (except the consolidated Series) and applying the proceeds of such compulsory redemption to fund the issue of Participating Shares of the consolidated Series to such redeemed investors. The consolidated Series will generally be the oldest Series of Participating Shares of the Class to have borne a performance fee in respect of the relevant performance period. Such compulsory redemption and re-issue shall be effected based on the Net Asset Values of the consolidated Participating Shares.

### **Redemptions**

Subject to the Instrument of Incorporation, this Placing Memorandum and the relevant Appendix, Shareholders may redeem their Participating Shares of a Sub-Fund on any Redemption Day for the Participating Shares on giving written notice (a "**Redemption Notice**") to the Administrator and/or the Manager no later than the Redemption Dealing Deadline for such Participating Shares. Any Redemption Notice received after the Redemption Dealing Deadline will be held over until the Redemption Day next following the relevant Redemption Day and the Participating Shares will then be redeemed at the Redemption Price applicable on that day. The Manager has the discretion to accept Redemption Notices received after the Redemption Dealing Deadline provided they are received before the Valuation Point relating to the relevant Redemption Day.

Redemption Notices must be in writing and must state the relevant Sub-Fund, the number or value of Participating Shares to be redeemed and where applicable the relevant Class and Series of Participating Shares to be redeemed and give payment instructions for the redemption proceeds. Redemption Notices may be sent by post or (provided the originals follow promptly) by facsimile or email. Investors should note that none of the Company, the Sub-Funds or the Service Providers or their respective agents and/or delegates accept any responsibility for any loss caused as a result of non-receipt, mis-delivery or illegibility of any Redemption Notices sent by facsimile or email (notwithstanding any facsimile transmission report or email record produced by the originator of such facsimile or email disclosing that such facsimile or email was sent) or for any loss caused in respect of any action taken as a consequence of such facsimile or email instructions believed in good faith to have originated from properly authorised persons or for any loss as a result of Redemption Notices being considered improperly or inadequately completed.

### **Redemption Price**

Participating Shares of a Sub-Fund will be redeemed in the relevant Class Currency at the Redemption Price determined for the relevant Redemption Day in the manner described below in the section headed "*Valuation and Prices - Subscription and Redemption Prices*" or in such other manner as described in the relevant Appendix.

### **Minimum Redemption and Holding Amounts**

Partial redemptions of a Class or Series of Participating Shares of a Sub-Fund may be effected subject to the minimum redemption amount and minimum holding amount requirements of the relevant Class of Participating Shares as set out in the relevant Appendix.



Any request for the partial redemption of Participating Shares with a value of less than the minimum redemption amount of the relevant Class may be rejected, subject to the discretion of the Manager to allow lesser amounts whether generally or in a particular case. If a request for redemption will result in a Shareholder holding less than the minimum holding amount applicable to the relevant Class on the relevant Redemption Day or such other amount as the Manager may from time to time determine, the Manager may deem such request to have been made in respect of all the Participating Shares of the relevant Class held by that Shareholder.

### **Redemption Charge**

Where stated in the relevant Appendix, a redemption charge may be imposed in connection with the redemption of Participating Shares of a Sub-Fund.

For the purpose of determining whether any redemption charge is payable, Participating Shares of the relevant Class subscribed earlier in time will, unless otherwise stated in the relevant Appendix or agreed by the Manager and the relevant Shareholder, be redeemed before Participating Shares of the same Class subscribed later in time based on the “first-in, first-out” principle.

### **Redemption Payment Procedures**

Subject as otherwise stated in the relevant Appendix for a Sub-Fund, to fulfilment of applicable anti-money laundering requirements and to any suspension of redemptions in the manner described below in the section headed “*Valuation and Prices – Subscription and Redemption Prices*”, redemption proceeds will be paid as soon as practicable (and, generally within one month) of the relevant Redemption Day or, if later, following receipt of the complete and original Redemption Notice to the satisfaction of the Manager or its delegate).

Unless a Shareholder has made other arrangements with the Manager, redemption proceeds will ordinarily be paid in the Class Currency of the Participating Shares of the relevant Class redeemed by telegraphic transfer to the pre-designated bank account of the Shareholder.

The Directors have discretion, whether generally or in any particular case, to cause all or part of the redemption proceeds relating to Participating Shares of a Class to be paid in a currency other than the Class Currency of the relevant Class (“**Alternative Redemption Currency**”). In such a case, all applicable bank charges and other conversion costs will be deducted from the redemption proceeds. The Directors may exercise their discretion to pay redemption proceeds denominated in the Alternative Redemption Currency under certain circumstances, such as, but not limited to where, for any reason, insufficient Class Currency is available to the relevant Sub-Fund to pay the redemption proceeds or where due to the direction of any competent authority or as a result of any legal or regulatory requirement applicable to the Company, the relevant Sub-Fund and/or the relevant Shareholder, it is not permitted and/or practicable for the redemption proceeds to be paid in the Class Currency.

Where redemption proceeds are to be paid to a bank account other than that notified to the Administrator at the time of subscription, the Company and/or the Administrator may require the signature of the Shareholder on the relevant Redemption Notice to be independently verified to their satisfaction. No redemption proceeds will be paid to third parties.

If at any time during the period from the time as at which the Redemption Price is calculated and the time at which moneys are converted out of any other currency into the relevant Class Currency or an Alternative Redemption Currency to meet a redemption request there is an officially announced devaluation of that currency, the amount payable to any relevant redeeming Shareholder may be reduced as appropriate to take account of the effect of that devaluation.

In the event that there is a delay in receipt by a Sub-Fund of the proceeds of realisation of its investments to meet redemption requests, the Directors may delay the payment of the relevant portion of the amount

due on the redemption of Participating Shares. If the Company or a Sub-Fund is required by the laws of any relevant jurisdiction to make a withholding from any redemption proceeds payable to the redeeming Shareholder, the amount of such withholding shall be deducted from the redemption proceeds otherwise payable to such person. The Directors may also withhold the whole or any part of any redemption payment to any Shareholder and set it off against any unpaid amounts due from that Shareholder to the Company or the Manager.

Further, the Company reserves the right to refuse and the Manager and the Administrator reserve the right to refuse or to advise the Company to refuse to make any redemption payment to a Shareholder if any of them suspects or is advised that the payment of any redemption proceeds to such Shareholder might result in a breach or violation of any applicable anti-money laundering or other laws or regulations by any person in any relevant jurisdiction, or such refusal is considered necessary or appropriate to ensure the compliance by the Company, the Manager or the Administrator with any such laws or regulations.

Participating Shares shall be treated as having been redeemed with effect from the relevant Redemption Day irrespective of whether or not a Shareholder has been removed from the register of members of the Company or the Redemption Price has been determined or remitted. Accordingly, on and from the relevant Redemption Day, Shareholders in their capacity as such will not be entitled to or be capable of exercising any rights arising under the Instrument of Incorporation with respect to the Participating Shares being redeemed (including any right to receive notice of, attend, speak or vote at any meeting of the Company set out under the Instrument of Incorporation) save the right to receive the Redemption Price and any dividend which has been declared prior to the relevant Redemption Day but not yet paid (in each case with respect to the Participating Shares being redeemed). Such redeemed Shareholders will be creditors of the Company with respect to the Redemption Price. In an insolvent liquidation, redeemed Shareholders will rank behind ordinary creditors but ahead of Shareholders.

### **Restrictions on Redemption**

No Participating Shares of a Sub-Fund may be redeemed during any Lock Up Period, where applicable, for such Participating Shares except at the discretion or with the consent of the Manager, whether generally or in a particular case. Where the Manager consents to a Shareholder redeeming any Participating Shares during the applicable Lock Up Period for such Participating Shares, the Manager shall have the power to levy a redemption charge at such rate as determined by the Manager, which shall be retained for the benefit of the Manager, unless otherwise provided in the relevant Appendix.

Where a Shareholder has been issued Participating Shares of a Sub-Fund at different times and subsequently makes a partial redemption, Participating Shares shall, unless otherwise stated in the relevant Appendix or agreed by the Manager and relevant Shareholder, be redeemed on a “first issued, first redeemed” basis.

Unless otherwise stated in the relevant Appendix, the Company’s obligation to redeem Participating Shares of a Sub-Fund is subject to postponement if requests are received in respect of any one Redemption Day for redemptions of, in aggregate, more than 10 per cent. (or such higher percentage as the Manager may determine in its sole discretion) of the value of Participating Shares of the relevant Sub-Fund in issue (the “**Redemption Gate**”). In such case, the Company may (but is not required to) reduce all but not some of such requests pro rata so that they cover such percentage of the value Participating Shares of the relevant Sub-Fund issued. Unless otherwise stated in the relevant Appendix, any part of a Redemption Notice to which effect is not given by reason of the exercise of this power by the Company will be treated as if the request had been made with priority according to the length of time for which they have been carried forward in respect of the next Redemption Day and all following Redemption Days (in relation to which the Company has the same power) until the original request has been satisfied in full. If, after the initial Redemption Day for redemptions, a redeeming Shareholder wishes to cancel the Shareholder’s request for redemption in relation to any remaining Participating Shares, the Shareholder must provide notice of such cancellation to the Administrator and/or the Manager no less than seven (7) Business Days before the next relevant Redemption Day (or such other period as stated in the Appendix

of the relevant Sub-Fund). The Manager may agree to shorter notice of cancellation, either generally or in any particular case.

The right of any Shareholder to request the redemption of Participating Shares of a Sub-Fund will be suspended during any period when the calculation of the Net Asset Value of the relevant Sub-Fund and/or of the redemption of Participating Shares of the relevant Sub-Fund is suspended by the Company. Once completed Redemption Notices have been received by the Administrator, they are irrevocable. Unless otherwise stated in the relevant Appendix, any part of a Redemption Notice to which effect is not given by reason of such suspension will be treated as if the request had been made with priority in respect of the next Redemption Day and all following Redemption Days until the original request has been satisfied in full.

### **Compulsory Redemptions and Transfers**

The Directors and the Manager each have the power under the Instrument of Incorporation to compulsorily redeem the Participating Shares held by a Shareholder, or to require such Participating Shares to be transferred to a Qualified Holder, in the following circumstances:-

1. where Participating Shares are held by a person who is not a Qualified Holder or by any person in breach of any law or requirement of any country, any governmental authority or any stock exchange on which such Participating Shares are listed by any person or persons in circumstances which, in the opinion of the Directors, might result in the Company, a Sub-Fund, the Directors, any Service Provider and/or other Shareholders breaching any laws or requirements of any country, any governmental authority or any stock exchange on which such Participating Shares are listed or incurring any liability to taxation or requiring registration with any regulatory authority or suffering any other pecuniary disadvantage or would subject the Company, the Sub-Fund, the Directors, any Service Provider and/or other Shareholders (or any person connected with any of them) to any additional regulation which the Company, the Sub-Fund, the Directors, any Service Provider and/or other Shareholders to any additional regulation which the Company, the Sub-Fund, the Directors, Service Provider and/or other Shareholders (or any person connected with any of them) might not otherwise have incurred or suffered or been subject to;
2. where the Participating Shares of the relevant Class held by any Shareholder have a value of less than the minimum holding amount applicable to that Class;
3. in order to apply any equalisation adjustments, where the Appendix for a Sub-Fund provides that one or more Classes of Participating Shares are issued subject to equalisation;
4. for the purposes of consolidating one or more Series of Participating Shares of any Class, where the Appendix for a Sub-Fund provides that one or more Classes of Participating Shares are issued in Series;
5. to settle any amount due from the Shareholder to the Company or to the Manager; or
6. in any other circumstances specified in this Placing Memorandum or an Appendix that permit the Company and/or the Directors to effect compulsory redemptions.

Further, if the Net Asset Value of the Company is at any time below US\$10,000,000 or the Net Asset Value of a Sub-Fund is at any time below US\$5,000,000 (or such other amount stated in the Appendix for the relevant Sub-Fund) and if the Directors at such time so resolve, all Participating Shares of the Company or of the relevant Sub-Fund (as applicable) become compulsorily redeemable.

In addition, where the Net Asset Value of a Class of Participating Shares of a Sub-Fund falls below US\$200,000 (or such other amount stated in the Appendix for the relevant Sub-Fund) and if the Directors

at such time so resolve, all Participating Shares of such Class in the Sub-Fund shall become compulsorily redeemable.

### **Redemption in Specie**

Unless otherwise stated in the Appendix for a Sub-Fund, the Directors may in their discretion from time to time effect a redemption payment to any or all redeeming Shareholders in specie or in kind rather than in cash. The circumstances in which the Directors envisage exercising this discretion include, without prejudice to the generality of the foregoing, a situation where substantial redemption requests are received for a Sub-Fund which will make it impracticable or prejudicial to continuing Shareholders of the relevant Sub-Fund to realise the Sub-Fund's investments in order to fund redemption payments; or when there is a devaluation of any foreign currency in which a material proportion of the Sub-Fund's investments are denominated during the period between the time as at which the Redemption Price is calculated and the time when redemption moneys are to be converted out of such other currency into the currency in which redemption proceeds are to be paid. In making redemption payments in specie or in kind, the relevant assets to be transferred or assigned or otherwise made available to the redeeming Shareholders shall be transferred at the same values in the relevant Class Currency attributed to them as at the Valuation Point attributable to the relevant Redemption Day as at which the Redemption Price of the relevant Participating Shares to be redeemed was calculated. The investments to be transferred must be valued on such basis as the Manager may decide, so long as the resulting valuation is not less than the lowest amount nor more than the highest amount that would have been obtained by applying the provisions set out under the section headed "*Valuation and Prices – Calculation of Net Asset Value*" in this Placing Memorandum. Any charges, levies, stamp duties, registration fees and other taxes incurred in transferring the assets to the redeeming Shareholders shall be at the expense of the Shareholders themselves. The Directors may make in-kind distributions to certain (but not all) Shareholders and may distribute different property in different proportions to different redeeming Shareholders.

If the Directors determine to distribute assets in kind, such assets may be distributed directly to the redeeming Shareholder. Such redemption proceeds in kind will be paid to the redeeming Shareholder as soon as practicable. Alternatively, such assets may be distributed into a liquidating trust or liquidating account and sold by the Company for the benefit of the redeeming Shareholder, in which case (a) payment to such Shareholder of that portion of the Shareholder's redemption attributable to such assets will be delayed until such time as such assets can be liquidated and (b) the amount otherwise due such Shareholder will be increased or decreased to reflect the performance of such assets through the date on which the liquidation of such assets is effected.

The risk of a decline in the value of such assets in the period from the relevant Redemption Day to the date upon which such assets are distributed to the redeeming Shareholder, and the risk of any loss or delay in liquidating such assets, will be borne by the redeeming Shareholder.

### **Conversion of Participating Shares**

If provided in the relevant Appendix, Shareholders of a Sub-Fund have the right, following the expiry of any applicable Lock Up Period (unless such Lock Up Period is waived by the Directors) and subject always to the Manager's approval, to convert all or part of their Participating Shares of a Class (the "**Existing Class**") into Participating Shares of another Class in the same Sub-Fund or into Participating Shares of another Sub-Fund (the "**New Class**") by giving notice to the Administrator and/or the Manager (the "**Conversion Notice**") on or before the Redemption Dealing Deadline of the Existing Class. Any Conversion Notice received after such Redemption Dealing Deadline will be held over and dealt with on the next Redemption Day in relation to the Existing Class. The provisions on redemption for the Existing Class and subscription for the New Class shall apply unless otherwise determined by the Manager or otherwise stated in the relevant Appendix.

Conversion Notices must be in writing sent by post or (provided that the originals follow promptly) by facsimile or email. Investors should note that none of the Company, the Directors, the Manager, the

Service Providers or their respective agents and/or delegates accept any responsibility for any loss caused as a result of non-receipt, mis-delivery or illegibility of any Conversion Notice sent by facsimile or email or otherwise, or for any loss caused in respect of any action taken as a consequence of such facsimile or email instructions believed in good faith to have originated from properly authorised persons or for any loss caused as a result of such Conversion Notice being considered improperly or inadequately completed. This is notwithstanding the fact that a facsimile transmission report or email record produced by the originator of such facsimile or email discloses that such facsimile or email was sent.

To effect a conversion, Participating Shares in the Existing Class will be redeemed at the prevailing Redemption Price per Participating Share of the Existing Class as at the relevant Redemption Day on which the Participating Shares are to be converted and, subject as provided below, Participating Shares in the New Class will be issued to the Shareholders at the applicable Subscription Price per Participating Share of the New Class in respect of the Subscription Day for the New Class coincident with or immediately following the relevant Redemption Day.

The conversion shall be determined in accordance with the following formula:

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

Where:

**N** is the number of Participating Shares of the New Class to be issued.

**E** is the number of Participating Shares of the Existing Class to be converted pursuant to the Conversion Notice.

**R** is the Redemption Price per Participating Share of the Existing Class on the Redemption Day on which the conversion is to take effect.

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

**S** is the Subscription Price per Participating Share of the New Class on the Subscription Day on which the issue of the Participating Shares of the New Class is to be effected, provided that where the issue of Participating Shares of the New Class is subject to the satisfaction of any conditions precedent to such issue then S will be the Subscription Price per Participating Share of the New Class applicable on the first Subscription Day for the New Class falling on or after the satisfaction of such conditions.

**C** is conversion charge to be incurred on the Existing Class (as described below).

Unless otherwise stated in the relevant Appendix, no redemption or subscription charges will be applied to the redemption or subscription of Participating Shares for conversion purposes. The Manager has the power to levy a conversion charge in respect of the Participating Shares of the Existing Class to be redeemed upon a conversion, in which case the number of Participating Shares of the New Class to be issued may be reduced to take into account such conversion charge. The conversion charge (if any) as more particularly described in the relevant Appendix or Conversion Notice, shall be payable to and retained for the benefit of the Manager. The Manager has discretion to waive such conversion charge in whole or in part, whether generally or in a particular case.

Partial conversion must not result in the balance holding of the applicant in the Existing Class being less than the minimum holding amount of the Participating Shares of the Existing Class as may from time to

time be applicable. If as a result of partial conversion, the applicant would hold Participating Shares in the Existing Class of less than the prescribed minimum holding amount, the conversion request will be deemed to be in respect of the applicant's entire holding in the Existing Class (unless the Manager otherwise determines generally or in any particular case). Unless otherwise agreed by the Manager, no conversion will be permitted if, as a result of a conversion request, the applicant will be issued Participating Shares in the New Class with an aggregate value of less than the minimum initial subscription amount (where the applicant does not hold any Participating Shares in the New Class at the time of conversion); or the minimum subsequent subscription amount (where the applicant holds Participating Shares in the New Class at the time of conversion) of the New Class.

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

Conversion of Participating Shares will be suspended during any period when the calculation of the Net Asset Value of a relevant Sub-Fund and/or the subscription of Participating Shares of the New Class or the redemption of Participating Shares of the Existing Class is suspended. For details, please see the section below headed "*Valuation and Prices – Suspension*". A Conversion Notice to which effect is not given by reason of such suspension will be processed after the lifting of the suspension.

### **Special Purpose Vehicles**

Where they consider it appropriate for tax, market access or any other reason, the Directors may, at any time, establish one or more special purpose vehicles ("**SPVs**") as wholly owned subsidiaries of the Company for and on behalf of one or more Sub-Funds for the purpose of holding particular investments. The Manager may cause the investments of such SPV to be realised at any time or may dispose of shares of such SPV at such price and on such terms as the Manager deems fit.

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## **RISK FACTORS**

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Investors should satisfy themselves that a Sub-Fund is suitable for them in terms of their own circumstances and financial position before making any decision to invest.

Prospective investors should be aware of the following risk factors, when contemplating whether or not to invest in a Sub-Fund, and to any additional risk factors set out in the relevant Appendix for a Sub-Fund.

The risk factors mentioned in this Placing Memorandum and the Appendices do not purport to be an exhaustive list of all the risks inherent in an investment in the Sub-Funds. Investors should not solely rely upon such information for any investment in a Sub-Fund and should note that there may be various other risks or considerations not specifically mentioned in this Placing Memorandum or the relevant Appendix, but which may also need to be taken into account before making any decision to invest in a Sub-Fund.

### **Investment Objective**

There is no guarantee that in any time period, particularly in the short term, a Sub-Fund's portfolio will achieve appreciation in terms of capital growth. Investors should be aware that the value of Participating Shares may fall as well as rise.

Investment in a Sub-Fund involves significant risks. 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 it can afford to bear the risks of investing in the Sub-Fund.

### **Availability of Investment Opportunities**

The Sub-Funds compete in a highly competitive market for investment opportunities. The success of a Sub-Fund depends, in large part, on the ability to acquire target assets at attractive prices. In acquiring target assets, a Sub-Fund competes with a variety of institutional investors, public and private funds, commercial and investment banks, insurance companies and other financial institutions. Many of the competitors of a Sub-Fund may be substantially larger and have considerably greater financial, technical, marketing and other resources than the Sub-Fund. Some competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments. Competition for investments in the target assets of a Sub-Fund may lead to the price of such assets increasing, which may further limit the ability of the Sub-Fund to generate desired returns. These factors could have a material adverse impact on the Sub-Fund's portfolio. As a result of this competition, desirable investments in the target assets of a Sub-Fund may be limited and the Sub-Fund may not be able to take advantage of attractive investment opportunities from time to time. There can be no assurance that a Sub-Fund will be able to identify and make investments that are consistent with its investment objectives.

### **Leverage Risk**

A Sub-Fund may be leveraged by borrowing and may also engage in investment strategies that constitute leverage should the Manager consider this necessary or desirable. Such strategies may include the borrowing and short selling of securities and the acquisition and disposal of certain types of derivative securities and instruments, such as swaps, futures and options.

Whilst leveraging creates an opportunity for greater total returns it also exposes the Sub-Fund to a greater risk of loss arising from adverse price changes. For a further explanation of the risks involved in entering into certain leveraged transactions, see the risk factor below headed "*Derivatives Risk*".

### **Volatility Risk**

Prices of securities may be volatile. Price movements of securities are difficult to predict and are influenced by, among other things, speculation, changing supply and demand relationships, governmental trade, fiscal, monetary and exchange control programs and policies, national and international political and economic events, climate, changes in interest rates, and the inherent volatility of the market place. Volatility may also be due to the fluctuations in the exchange rate of currencies. Therefore, it is a probability measure of the negative impact that an exchange rate movement poses to an investor's portfolio in a foreign currency. During periods of uncertain market conditions the combination of price volatility and the less liquid nature of securities markets may, in certain cases, affect a Sub-Fund's ability to acquire or dispose of securities at the price and time it wishes to do so, and consequently may have an adverse impact on the investment performance of the Sub-Fund.

### **Hedging Transactions May Increase Risk of Capital Losses**

The Manager may utilize a variety of financial instruments, such as options, futures, swaps and forwards, for risk management purposes. The Manager may not anticipate a particular risk so as to hedge against it or may anticipate a risk and choose not to hedge it. While the Manager may enter into hedging transactions to seek to reduce risk, such transactions may amplify loss and result in a worse overall performance for a Sub-Fund. Hedging against a decline in a Sub-Fund's portfolio does not eliminate fluctuations in the value of the Sub-Fund's positions or prevent losses if the value of such positions declines, but establishes other positions designed to gain from those same developments. Hedging is intended to mitigate the decline in the value of an investment in a Sub-Fund. Such hedging transactions also limit the opportunity for gain in the event that the value of a Sub-Fund's positions increases.

In addition, a Sub-Fund is always exposed to certain risks that cannot be hedged, such as credit risk, relating both to particular securities and counterparties.

### **Equity Securities**

A Sub-Fund may invest in equity securities, which may offer a higher rate of return than investments in short term and longer term debt securities. However, the risks associated with investments in equity securities may also be higher, because the investment performance of equity securities depends upon factors which are difficult to predict. Such factors include the possibility of sudden or prolonged market declines and risks associated with individual companies. The fundamental risk associated with any equity portfolio is the risk that the value of the investments it holds might decrease in value.

### **Debt Instruments**

The debt instruments in which a Sub-Fund may invest may be subject to price volatility due to various factors including, but not limited to, changes in interest rates, market perception of the creditworthiness of the issuer, general market liquidity and currency fluctuations. A Sub-Fund may invest in investment grade debt securities that are often influenced by many of the same unpredictable factors which affect equity prices. In addition to the sensitivity of debt securities to overall interest-rate movements, debt securities involve a fundamental credit risk based on the issuer's ability to make principal and interest payments on the debt it issues. A Sub-Fund's investments in debt instruments may experience substantial losses due to adverse changes in interest rates and the market's perception of any particular issuer's creditworthiness, which may inhibit such issuer's ability to refinance, restructure or otherwise experience recovery. Further, because of the resetting of interest rates, adjustable rate securities are less likely than non-adjustable rate securities of comparable quality and maturity to increase or decrease significantly in value when market interest rates fall or rise. Fixed income securities denominated in other currencies are also subject to the risk of a decline in the value of the denominating currency relative to the Base Currency.

### **Debentures and Debt Securities Risks**

#### **1) Interest Rates Risk**



Changes in market interest rates will affect the value of debt securities held by a Sub-Fund. Generally, the market value of debt securities moves in the opposite direction from interest rates; the market value decreases when interest rates rise and increases when interest rates fall. A Sub-Fund's Net Asset Value per Participating Share generally moves in the same direction as the market value of the debt securities in the Sub-Fund. Therefore, if interest rates rise, investors should expect the Sub-Fund's Net Asset Value per Participating Share to fall, and if interest rates fall, investors should expect the Sub-Fund's Net Asset Value to rise. Long-term debt securities are generally more sensitive to changes in interest rates and, therefore, are subject to a greater degree of market price volatility. To the extent a Sub-Fund holds long-term debt securities, its Net Asset Value will be subject to a greater degree of fluctuation than if it held debt securities of a shorter duration.

## 2) Credit and Default Risks

When the Manager invests the assets of a Sub-Fund in debentures or other debt securities, the Sub-Fund may be exposed to the credit or default risk of an issuer of such debentures or other debt securities, particularly bonds and private debt securities. The issuers of such instruments may incur difficulties in making full and timely repayments of principal and interest, which may lead to a default and, ultimately, a fall in the value of the Sub-Fund.

In addition, a Sub-Fund is exposed to the possibility of default in parties which it trades or chooses to place deposits or excess cash with.

### **Credit Rating Risk**

Investment grade securities may be subject to the risk of being downgraded to below investment grade securities. In the event of downgrading in the credit ratings of a security or an issuer relating to a security, a Sub-Fund's investment value in such security may be adversely affected. The Manager may or may not dispose of the securities, subject to the investment objectives of the relevant Sub-Fund.

In the event of investment grade securities being downgraded to below investment grade securities or when a Sub-Fund invests in securities which are below investment grade or which are non-rated, such securities would generally be considered to have a higher credit risk and a greater possibility of default than more highly rated securities. If the issuer of securities defaults, or such securities cannot be redeemed, or perform badly, investors may suffer substantial losses. The market for these securities may be less active, making it more difficult to sell the securities. Valuation of these securities is more difficult and thus the relevant Sub-Fund's prices may be more volatile.

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

### **Over-The-Counter Market Risk**

Where a Sub-Fund acquires securities on over-the-counter markets, investors should be aware that there is no guarantee that the Sub-Fund will be able to redeem the fair value of such securities due to their tendency to have limited liquidity and comparatively high price volatility. There is no regulated market in such contracts, and the bid and offer prices will be established solely by dealers in these contracts.

### **Derivatives Risk**

A Sub-Fund may have exposure to derivatives including instruments and contracts the value of which is linked to one or more underlying securities, interest rates, foreign exchange rates, financial benchmarks or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark or index at a fraction of the cost of investing in the underlying asset. The

value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives trading. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement can result not only in the loss of the entire investment, but may also expose a Sub-Fund to the possibility of a loss exceeding the original amount invested.

Swaps, derivatives, and certain options and other custom derivative or synthetic instruments are subject to the risk of non-performance by the counterparty to such instrument, including risks relating to the financial soundness and creditworthiness of the counterparty. If one or more of a Sub-Fund's counterparties were to become insolvent, there is a risk that the recovery of the Sub-Fund's securities and other assets from such counterparty will be delayed or be a value less than the value of the securities or assets originally entrusted to such counterparty.

In addition, a Sub-Fund may use counterparties located in various jurisdictions around the world. Such local counterparties are subject to various laws and regulations in various jurisdictions that are designed to protect their customers in the event of their insolvency. Because of the large number of entities and jurisdictions and the range of possible factual scenarios that may be involved in the insolvency of a counterparty, it is impossible to generalise about the effect of a counterparty's insolvency on the Sub-Fund and its assets.

### **Counterparty Risk**

A Sub-Fund may enter into transactions in over-the-counter markets, which will expose the Sub-Fund to the credit of its counterparties and their ability to satisfy the terms of such contracts. For example, a Sub-Fund may enter into repurchase agreements, forward contracts, options and swap arrangements or other derivative techniques, each of which expose the Sub-Fund to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of a bankruptcy or insolvency of a counterparty, a Sub-Fund could experience delays in liquidating the position and significant losses, including declines in the value of its investment during the period in which the Sub-Fund seeks to enforce its rights, inability to realise any gains on its investment during such period and fees and expenses incurred in enforcing its rights. There is also a possibility that the above agreements and derivative techniques are terminated due, for instance, to bankruptcy, supervening illegality or change in the tax or accounting laws relative to those at the time the agreement was originated. In such circumstances, investors may be unable to cover any losses incurred. Derivative contracts such as swap contracts entered into by a Sub-Fund involve credit risk that could result in a loss of the Sub-Fund's entire investment as the Sub-Fund may be fully exposed to the credit worthiness of a single approved counterparty where such an exposure will be collateralised.

### **Risk of Trading in Options and Futures**

Futures prices may be volatile. This volatility may lead to substantial risks and returns, possibly much larger than in the case of equity or fixed income investments. A Sub-Fund may trade futures on a leveraged basis. As a result, a relatively small price movement in a futures contract may result in immediate and substantial gains or losses for the Sub-Fund.

Futures trading may be illiquid. Certain exchanges do not permit trading particular futures at prices that represent a fluctuation in price during a single day's trading beyond certain set limits, which could prevent a Sub-Fund from promptly liquidating unfavourable positions, subjecting the Sub-Fund to substantial losses. Exchanges and regulatory authorities in some jurisdictions impose speculative position limits on the number of futures positions a person or group may hold or control in particular futures. For the purposes of complying with speculative position limits, a Sub-Fund's outright futures positions may be required to be aggregated with any futures positions owned or controlled by the Manager or any agent

of the Manager. As a result, a Sub-Fund may be unable to take positions in particular futures or may be forced to liquidate positions in particular futures.

Some exchanges are “principals’ markets” in which no common clearing facility exists and a trader may look only to the broker for performance of the contract. In addition, unless a Sub-Fund hedges against fluctuations in the exchange rate between the Base Currency and other currencies in which trading is done on certain exchanges, any profits that a Sub-Fund realises in trading could be reduced or eliminated by adverse changes in the exchange rate, or the Sub-Fund could incur losses as a result of those changes.

### **Repurchase Agreements**

A Sub-Fund may enter into repurchase agreements with respect to securities. Repurchase agreements involve credit risk to the extent that a Sub-Fund’s counterparties may avoid such obligations in bankruptcy or insolvency proceedings, thereby exposing the Sub-Fund to unanticipated losses. The amount of credit risk incurred by a Sub-Fund with respect to a particular repurchase agreement will depend in part on the extent to which the obligation of the Sub-Fund’s counterparty is secured by sufficient collateral.

Under a repurchase agreement, the Sub-Fund retains the economic risks and rewards of the securities which it has sold to the counterparty and therefore is exposed to market risk in the event that it must repurchase such securities from the counterparty at the pre-determined price which is higher than the value of the securities. If it chooses to reinvest the cash collateral received under the repurchase agreement, it is also subject to market risk arising in respect of such investment.

### **Reverse Repurchase Agreements**

A Sub-Fund may enter into reverse repurchase agreements. If the seller of securities to a Sub-Fund under a reverse repurchase agreement defaults on its obligation to repurchase the underlying securities, as a result of its bankruptcy or otherwise, the Sub-Fund will seek to dispose of such securities, which action could involve costs or delay. If the seller becomes insolvent and subject to liquidation or reorganisation under applicable bankruptcy or other laws, the Sub-Fund’s ability to dispose of the underlying securities may be restricted. It is possible, in a bankruptcy or liquidation scenario, that a Sub-Fund may not be able to substantiate its interest in the underlying securities. Finally, if a seller defaults on its obligation to repurchase securities under a reverse repurchase agreement, a Sub-Fund may suffer a loss to the extent that it is forced to liquidate its position in the market, and proceeds from the sale of the underlying securities are less than the repurchase price agreed to by the defaulting seller.

### **Portfolio Investments May Be Volatile**

The value of the securities in which a Sub-Fund will invest may be volatile. There can be no assurance that a Sub-Fund’s investments will ultimately be successful. Furthermore, a Sub-Fund will be subject to the risk that inflation, deflation, economic recession, changes in the general level of interest rates or other market conditions over which the Manager will have no control may adversely affect the operating results of the Sub-Fund.

### **Concentration Risk**

A Sub-Fund may at certain times hold a few, relatively large (in relation to its capital) positions with the result that a loss in any position could have a material adverse impact on the Sub-Fund’s capital. In addition, a Sub-Fund’s portfolio may become significantly concentrated in securities related to a single or a limited number of issuers, industries, sectors, strategies, countries or geographic regions. This limited diversification may result in the concentration of risk, which, in turn, could expose the Sub-Fund to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in such securities.

## **Liquidity of Investment Portfolio**

The market for some securities in which a Sub-Fund may invest may be relatively illiquid. Liquidity relates to the ability of a Sub-Fund to sell an investment in a timely manner. The market for relatively illiquid securities tends to be more volatile than the market for more liquid securities. Investment of a Sub-Fund's assets in relatively illiquid securities and loans may restrict the ability of the Sub-Fund to dispose of its investments at a price and time that it wishes to do so. The risk of illiquidity also arises in the case of over-the-counter transactions. There is no regulated market in such contracts, and the bid and offer prices will be established solely by dealers in these contracts.

## **Inability to Transact as a Result of Exposure to Material Non-Public Information**

From time to time, the Manager and/or its affiliates may receive material non-public information with respect to an issuer of publicly-traded securities. In such circumstances, a Sub-Fund may be prohibited, by law, policy or contract, for a period of time from (i) unwinding a position in such issuer, (ii) establishing an initial position or taking any greater position in such issuer, and (iii) pursuing other investment opportunities related to such issuer. That could result in substantial risk of loss or loss of opportunity if the Sub-Fund is not able to purchase or sell such security.

## **Foreign Currency Markets**

A Sub-Fund will have exposure to fluctuations in currency exchange rates where it invests directly or indirectly in securities denominated in currencies other than US dollars. It may, in part, seek to offset the risks associated with such exposure through foreign exchange transactions. The markets in which foreign exchange transactions are effected are highly volatile, highly specialised and highly technical. Significant changes, including changes in liquidity and prices, can occur in such markets within very short periods of time, often within minutes. Foreign exchange trading risks include, but are not limited to, exchange rate risk, interest rate risk and potential interference by foreign governments through regulation of local exchange markets, foreign investment, or particular transactions in foreign currency.

## **Economic and Political Risks**

The economies of certain countries in which a Sub-Fund may invest may differ favourably or unfavourably from the economies of more developed countries in such respects as growth of gross domestic product, rate of inflation, currency depreciation, capital reinvestment, resource self-sufficiency and balance of payments position. With respect to any emerging country, there is the possibility of nationalisation, expropriation or confiscatory taxation, political changes, government regulation, social instability or diplomatic developments and war which could affect adversely the economies of such countries or the value of a Sub-Fund's investments in such countries. In addition, it may be difficult to obtain and enforce a judgement in a court in an emerging country.

The economic and political risks described above may also adversely impact the value of derivative instruments and securities that are linked to the performance of emerging markets.

## **Settlement Risks**

A Sub-Fund will be exposed to a credit risk on parties with whom it trades and will also bear the risk of settlement default. Market practices in the emerging markets in relation to the settlement of securities transactions and custody of assets will provide increased risk. Although the emerging markets have grown rapidly over the last few years, the clearing, settlement and registration systems available to effect trades on such markets are significantly less developed than those in more mature world markets which can result in delays and other material difficulties in settling trades and in registering transfers of securities. Problems of settlement in these markets may affect the Net Asset Value and liquidity of a Sub-Fund.

## **Custody Risks**

Assets and cash of a Sub-Fund held as collateral by the Prime Broker (if any) in relation to facilities offered to the Sub-Fund, assets and cash held as collateral by counterparties to derivative transactions with a Sub-Fund and assets and cash deposited as margin with either the Prime Broker, counterparties or with executing brokers might not be segregated from the assets of the Prime Broker, counterparties or such executing brokers. Such assets might therefore be available to the creditors of such persons in the event of their insolvency.

Cash held or received for a Sub-Fund by or on behalf of a Prime Broker will not normally be treated as client money and will not be subject to the client money protections under applicable laws. Accordingly the Sub-Fund's cash will also be collateral and will not be segregated from the cash of the relevant Prime Broker. As a consequence such cash may be used by the Prime Broker in the course of its business and the Sub-Fund will rank as a general creditor of the Prime Broker in the event of the Prime Broker's insolvency. This may also result in an adverse effect on the Net Asset Value of the Sub-Fund.

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

### **Securities Borrowing**

The Manager may borrow securities for the account of a Sub-Fund on terms that such securities may be recalled by the lender at short notice. If the securities are recalled, the Manager may be required to unwind a strategy early, which may result in losses. The Manager will endeavour to borrow non-recallable securities where possible.

### **Short Selling**

A Sub-Fund may short sell securities of an issuer. Short sales, which involve a sale of a security which the Sub-Fund does not own, can result in profits when the prices of the securities sold short decline, and losses, which are theoretically unlimited, when such prices increase.

If the price of the securities declines the Manager may then cover the short position with securities purchased in the market. The profit realized on a short sale will be the difference between the price received in the sale and the cost of the securities purchased to cover the sale.

The possible losses from selling short a security differ from losses that could be incurred from a cash investment in the security; the former may be unlimited, whereas the latter can only equal the total amount of the cash investment. Short selling activities are also subject to restrictions imposed by various national and regional securities exchanges, which restrictions could limit the investment activities of the Manager.

### **Securities Lending**

The principal risk when lending securities is that the borrower might become insolvent or refuse to honour its obligations to return the securities. In this event, a Sub-Fund could experience delays in recovering its securities and may possibly incur a capital loss. The Sub-Fund may also incur a loss in reinvesting the cash collateral it receives. Such a loss may arise due to a decline in the value of the investment made with cash collateral received from a securities lending counterparty. A decline in the value of such investment of the cash collateral would reduce the amount of collateral available to be

returned by the Sub-Fund to the securities lending counterparty at the conclusion of the securities lending contract. The Sub-Fund would be required to cover the difference in value between the collateral originally received and the amount available to be returned to the counterparty, thereby resulting in a loss to the Sub-Fund.

### **Exchange Limitations on Trading**

For all securities or futures contracts listed on a securities or futures exchange, including options listed on a public exchange, the exchange generally has the right to suspend or limit trading under certain circumstances. Such suspensions or limits could render certain strategies difficult to complete or continue and may make it impossible for the Manager to liquidate positions. As a result, a Sub-Fund may be exposed to potential losses.

### **Reliance on Publicly Available Information**

The Manager may select investments for a Sub-Fund, in part, on the basis of information and data filed by issuers with various government regulators or made directly available to the Manager by the issuers or through sources other than the issuers. Although the Manager will generally evaluate all such information and data and, when the Manager considers it is appropriate and when it is reasonably available, seek independent corroboration, the Manager is not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information may not be available. Investments may not perform as expected if such information is inaccurate.

### **Indemnification of the Company's Directors, Service Providers Etc.**

The Instrument of Incorporation contains provisions that may provide a broader indemnification of the Directors, former Directors and officers against claims or lawsuits arising out of the Company's activities than would apply in the absence of such provisions. The Company has agreed to indemnify each of the Directors, former Directors and officers against all costs, charges, losses, expenses and liabilities incurred by them in the execution and/or discharge of their duties and/or the exercise of their powers and/or otherwise in relation to or in connection with their duties, powers or office, other than such liability that is excluded under the Instrument of Incorporation, applicable laws and regulations and/or any Director's service agreement with the Company. In addition, under their agreements with the Company, the Manager and other Service Providers are entitled to broader indemnification rights than might otherwise apply. If the Company was called upon to perform under its indemnification obligations, then the portion of its assets expended in such fashion would reduce the amount otherwise available for the Company's operations.

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

### **Absence of Operating History**

The Company and each Sub-Fund are newly organised entities and do not have an operating history upon which investors may base an evaluation of their likely performance. A Sub-Fund's results will depend upon the availability of suitable investment opportunities for the Sub-Fund and the performance of the Sub-Fund's investments.

### **Reliance on Management**

The success of the Sub-Fund(s) depends upon the ability of the Manager to develop and implement investment strategies that achieve each Sub-Fund's respective investment objectives. Moreover,

subjective decisions made by the Manager may cause a Sub-Fund to incur losses or to miss profit opportunities on which it would otherwise have capitalized.

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

### **Principals of the Manager Not Full Time**

Although the principals of the Manager will devote as much time to the Sub-Fund(s) as they believe is necessary to assist the Sub-Fund(s) in achieving their respective investment objectives and to administer their respective operations, none of them devotes substantially all of his or her working time to the affairs of the Sub-Fund(s), as they must devote a portion of their time to other investments. The principals of the Manager may not have employment agreements and the loss of the services of one or more of the principals of the Manager may have a material adverse effect on the Sub-Fund(s).

### **Reliance on Service Providers**

The Company has retained the Service Providers and may retain additional service providers at any time and from time to time. As the Company has no employees and the Directors have all been appointed on a non-executive basis, the Company is reliant on the performance of the Service Providers. Each Shareholder's relationship in respect of its Participating Shares is with the Company only. Accordingly, absent a direct contractual relationship between the Shareholder and the relevant Service Provider, no Shareholder will have any contractual claim against any Service Provider for any reason related to the Service Provider's services to the Company. Instead, the proper plaintiff in an action in respect of which a wrongdoing is alleged to have been committed against the Company by the relevant Service Provider is, prima facie, the Company.

### **Risks Relating to the Lack of Management Control by Investor**

Shareholders of a Sub-Fund have no right or power to take part in the management or control of the business of the Sub-Fund. The Sub-Fund is managed solely by the Manager. Shareholders must rely solely on the judgment of the Manager in selecting investments and should not invest in the Sub-Fund unless willing to entrust all aspects of the portfolio management of the Sub-Fund to the Manager but always subject to supervision of Directors.

### **Performance Fee**

The performance fee (if any) payable to the Manager for a Sub-Fund may create an incentive for the Manager to make investments for the Sub-Fund that are riskier or more speculative than would be the case in the absence of a performance fee. Prospective investors should note that the management fee and performance fee (if any) payable to the Manager for a Sub-Fund are based in part upon unrealised gains (as well as unrealised losses), and that such unrealised gains and losses may never be realised by the Sub-Fund.

### **Dividends and Distributions**

Where the relevant Appendix states that a Sub-Fund does not intend to pay dividends or other distributions, but intends instead to reinvest all of the Sub-Fund's income and gains, an investment in the Sub-Fund may not be suitable for investors seeking income returns for financial or tax planning purposes.

### **Risks Relating to the Creation of New Sub-Funds or New Classes or Series of Participating Shares**

Additional Sub-Funds and/or Classes or Series which may have different terms of investment may be established in the future without the consent of, or notification to existing Shareholders, subject to applicable laws and regulations and the Instrument of Incorporation. In particular, additional Classes or Series of a Sub-Fund which may be established in the future may have preferential terms with regard to, inter alia, redemption or liquidity, which may allow Shareholders invested in such Classes or Series to redeem in priority to Shareholders invested in other Classes or Series of the Sub-Fund.

### **Risks Relating to Open-Ended Fund Companies – Cross Sub-Fund Liability**

The Company is established as an open-ended fund company under Hong Kong law. A Sub-Fund is not a legal person separate from the Company but the assets of a Sub-Fund may be subject to orders of the court as if it were a separate legal person. As a matter of Hong Kong law only, the assets of one Sub-Fund are not available to meet the liabilities of another. However, the Company is a single legal entity which may operate or have assets held on its behalf or be subject to claims in other jurisdictions which may not necessarily recognise such segregation and, in such circumstances, there is a risk that the assets of a Sub-Fund may be applied to meet the liabilities of another Sub-Fund whose assets are exhausted.

### **Risks Relating to Open-Ended Fund Companies – Cross Class Liability**

The Company has the power to issue Participating Shares of a Sub-Fund in Classes and/or Series. The Instrument of Incorporation provides for the manner in which the liabilities are to be attributed across the various Classes and/or Series (liabilities are to be attributed to the specific Class and/or Series in respect of which the liability was incurred). However, there is no limited recourse protection for any Class and/or Series. Accordingly, all of the assets of a Sub-Fund will be available to meet all of its liabilities regardless of the Class or Series to which such assets or liabilities are attributable. In practice, the risk of cross-Class and/or cross-Series liability is only expected to arise where liabilities referable to one Class and/or Series of a Sub-Fund are in excess of the assets referable to such Class and/or Series of the Sub-Fund and it is unable to meet all liabilities attributed to it. In such a case, the assets of the Sub-Fund attributable to other Classes and/or Series may be applied to cover such liability excess and the value of the contributing Classes and/or Series will be reduced as a result.

### **Conflicts of Interest**

There will be no limitation with respect to the Manager's other activities and investments or with respect to the activities of other investment portfolios managed by the Manager. Accordingly, conflicts of interest may occur. Please refer to the section headed "*Potential Conflicts of Interest*" below for further information.

### **Valuation and Accounting**

The Company intends to adopt International Financial Reporting Standards ("**IFRS**") in drawing up the annual accounts of the Company and each Sub-Fund. However, investors should note that the calculation of the Net Asset Value in the manner described below in the section headed "*Valuation and Prices - Calculation of Net Asset Value*" (which the Company intends to adopt for the purpose of determining Subscription Prices and Redemption Prices and for the purpose of the calculation of various fees as described in this Placing Memorandum and the Appendices) may not necessarily comply with generally accepted accounting principles, that is, IFRS. Accordingly, investors should note that the Net Asset Value as described in this Placing Memorandum and the Appendices may not necessarily be the same as the net asset value to be reported in the annual accounts as the Manager may make necessary adjustments in the annual accounts to comply with IFRS.

Securities acquired by a Sub-Fund may subsequently become illiquid due to events relating to the issuer of the securities, market and economic conditions and regulatory sanctions. In cases where no clear indication of the value of a Sub-Fund's portfolio securities is available (for example, when the secondary



markets on which a security is traded has become illiquid) the Manager may apply valuation methods to ascertain the fair value of such securities.

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

Since the value assigned to a Sub-Fund's assets and liabilities affects the management fee and performance fee payable to the Manager for the Sub-Fund, the Manager's involvement in the valuation process creates a potential conflict of interest.

There is no guarantee that the value determined with respect to a particular asset or liability will represent the value that will be realised by a Sub-Fund on the eventual disposition of the related investment or that would, in fact, be realised upon an immediate disposition of the investment. Valuation of a Sub-Fund's investments may involve uncertainties and judgmental determinations, and independent pricing information may not at all times be available. If such valuations should prove to be incorrect, the Net Asset Value of a Sub-Fund may be adversely affected.

### **Pricing Adjustments Risk**

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

### **Effect of Substantial Redemptions**

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

### **Risk of Termination of Sub-Fund**

In the event of the early termination of a Sub-Fund, the Sub-Fund would have to distribute to the Shareholders their pro rata interest in the assets of the Sub-Fund. It is possible that at the time of such sale or distribution, certain investments held by the Sub-Fund may be worth less than the initial cost of such investments, resulting in a substantial loss to the Shareholders. Moreover, any organizational expenses with regard to the Participating Shares that had not yet become fully amortized would be debited against the Sub-Fund's capital at that time.

### **Amendment of Redemption Rights**

Pursuant to the terms of the Instrument of Incorporation, Shareholders that are entitled to vote and have the requisite majority of votes required to pass a special resolution and, if applicable, the necessary Class consents may approve any amendment to the Instrument of Incorporation that would restrict the redemption rights of all Shareholders holding Shares of such Class. Accordingly, the redemption rights of any Shareholder as described in this Placing Memorandum and as set forth in the Instrument of Incorporation are subject to change at any time. Redemption rights that may be affected include, without limitation, the notice period for redemptions, the frequency of redemptions and the time and mechanism that a Sub-Fund may require to pay redemptions proceeds.

### **Distributions In Specie**

There is no assurance that the Directors will only distribute cash to the Shareholders in satisfaction of redemptions. If significant redemptions are requested, a Sub-Fund may be unable to liquidate investments at the time such redemptions are requested or may be able to do so only at prices that the Directors believe do not reflect the true value of such investments and which would adversely affect the interests of the continuing Shareholders of the Sub-Fund. It may also be impracticable for the Directors to liquidate a material proportion of a Sub-Fund's investments which are denominated in foreign currency when there is a major devaluation of such foreign currency. Under the above circumstances or whenever the Directors deem appropriate, and subject to the section headed "*Investing in the Company – Redemption in Specie*", the Directors may in their discretion effect a redemption payment in specie or in kind rather than in cash. Investors may be unable to liquidate such assets in a timely manner, may incur brokerage or other transaction costs in liquidating such assets, and may receive a lower price upon liquidation of such assets than the value assigned to them by a Sub-Fund at the time of distribution.

### **Potential Clawback of Redemption Proceeds of Participating Shares**

Under certain circumstances, the proceeds of redemption of Participating Shares paid to a Shareholder can be lawfully recalled by a liquidator or other authorised person of the Company or a Sub-Fund. If a Shareholder acts as and holds Participating Shares as nominee or otherwise does not retain the redemption proceeds received from the Company, the Shareholder may be compelled to repay the Company, even if the Shareholder has distributed redemption proceeds to beneficiaries.

### **Taxation Risk**

An investment in a Sub-Fund involves complex tax considerations which may differ for each investor. Each investor is advised to consult his/her own tax advisers. Tax rules and their interpretation in relation to interests in a Sub-Fund may change during the life of the Sub-Fund which may have an adverse effect on the Sub-Fund, the investors and the Sub-Fund's investments and investment opportunities. There can be no assurance that any tax authority or court will agree with any particular interpretation of the relevant laws. Any relevant tax authority may conduct tax reviews on the transactions conducted by a Sub-Fund and impose additional taxes in respect of previous periods. If a Sub-Fund makes investments in a jurisdiction, the Sub-Fund or the investors may be subject to income or other tax in that jurisdiction. Additionally, withholding taxes may be imposed on earnings of a Sub-Fund from investments in such jurisdiction.

### **Risk of Force Majeure and Accidents**

None of the Company, the Manager, the other Service Providers or any of their respective directors and officers will be responsible to the Shareholders for any losses arising from any accidents or force majeure events which are beyond their reasonable control, including, but not limited to any change to applicable regulations, breakdown or failure of communication or computer facilities, acts of war or of God, civil strife or terrorism, postal or other strikes or similar industrial action and the non-performance of any relevant exchange, custodian, clearing system and/or broker for any reason.

### **Potential Implications of an Epidemic and/or a Pandemic**

Events such as health pandemics or outbreaks of disease may lead to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally. For example, beginning in late 2019, there has been an outbreak of a new and highly contagious form of coronavirus disease, COVID-19 or 2019-nCoV. In the ensuing months, COVID-19 spread to numerous countries, prompting precautionary government-imposed closures and restrictions of certain travel and businesses in many countries.

Epidemics and pandemics can seriously disrupt the global economy and markets. The outbreak of pandemics such as COVID-19, together with any resulting restrictions on travel or quarantines imposed, could have a negative impact on the economy and business activity in the countries in which a Sub-Fund may invest and global commercial activity and thereby adversely affect the performance of a Sub-Fund's investments. Health pandemics or outbreaks could result in a general economic decline in a given region, or globally, particularly if the outbreak persists for an extended period of time or spreads globally. This could have an adverse impact on a Sub-Fund's investments, or a Sub-Fund's ability to source new investments or to realise its investments. Pandemics and similar events could also have an acute effect on individual issuers or related groups of issuers and could adversely affect securities markets, interest rates, auctions, secondary trading, ratings, credit risk, inflation, deflation and other factors relating to a Sub-Fund's investments or the Manager's operations and the operations of the Service Providers.

Additionally, the risks related to health pandemics or outbreaks of disease are heightened due to uncertainty as to whether such an event would qualify as a force majeure event. The applicability, or lack thereof, of force majeure provisions could also come into question in connection with contracts that a Sub-Fund and its investments have entered into, which could ultimately work to their detriment. If a force majeure event is determined to have occurred, a counterparty to a Sub-Fund or a portfolio investment may be relieved of its obligations under certain contracts to which it is a party, or, if it has not, a Sub-Fund and its investments may be required to meet their contractual obligations, despite potential constraints on their operations and/or financial stability. Either outcome could adversely impact investments and a Sub-Fund's performance.

Any outbreak of disease epidemics such as the severe acute respiratory syndrome, avian influenza, H1N1/09, COVID-19, or other similarly infectious diseases may result in the closure of the Manager's and/or an investment's offices or other businesses, including office buildings, retail stores and other commercial venues and could also result in (a) the lack of availability or price volatility of raw materials or component parts necessary to an investment's business, (b) disruption of regional or global trade markets and/or the availability of capital or economic decline. Such outbreaks of disease may have an adverse impact on a Sub-Fund's value and/or a Sub-Fund's investments.

### **Electronic Delivery of Information Risk**

Information relating to a Shareholder's investment in the Company or a Sub-Fund may be delivered electronically. There are risks associated with such electronic delivery including, but not limited to, that e-mail messages are not secure and may contain computer viruses or other defects, may not be accurately replicated on other systems, or may be intercepted, deleted or interfered with without the knowledge of the sender or the intended recipient.

### **Cyber Crime and Security Breaches**

The Company is exposed to operational and information security risks through breaches in cyber security. Cyber security breaches include, without limitation, infection by computer viruses and gaining unauthorised access to the Company's systems through "hacking" or other means for the purpose of misappropriating assets or sensitive information, corrupting data, or causing operations to be disrupted. Cyber security breaches may also occur in a manner that does not require gaining unauthorised access, such as denial-of-service attacks or situations where authorised individuals intentionally or unintentionally release confidential information stored on the Company's systems. A cyber security

breach may cause disruptions and impact the Company's business operations, which could potentially result in financial losses, the inability to determine the Net Asset Value of the Sub-Funds, violation of applicable law, regulatory penalties and/or fines, compliance and other costs. The Company, the Sub-Funds and Shareholders could be negatively impacted as a result. In addition, because the Company works closely with third-party Service Providers, including the Manager, the Custodian and the Administrator, indirect cyber security breaches at such third-party Service Providers may subject the Company, the Sub-Funds and Shareholders to the same risks associated with direct cyber security breaches. Further, indirect cyber security breaches at an issuer of securities in which a Sub-Fund invests may similarly negatively impact the relevant Sub-Fund and its Shareholders. While the Company has established risk management systems designed to reduce the risks associated with cyber security breaches, there can be no assurances that such measures will be successful.

### **Side Letters**

Subject to the Instrument of Incorporation and all applicable laws and regulations, the Company and/or the Manager or its associates may enter into side letters or similar arrangements with investors in a Sub-Fund granting an investor preferred economic and/or other terms as compared to other Shareholders of the relevant Sub-Fund including, but not limited to, terms the effect of which is to provide an investor with more favourable treatment than other holders of the same class of equity interest enhancing that investor's ability either (i) to redeem equity interests of that class or (ii) make a determination as to whether to redeem equity interests of that class and which, in either case, might reasonably be expected to put other holders of equity interests of that class who are in the same position at a material disadvantage in connection with the exercise of their redemption rights. Such terms may include, but are not limited to, rebates of fees and/or charges payable to the Manager or its associates, the reservation of capacity in a Sub-Fund, preferential rights of redemption, and the provision of additional liquidity, co-investment opportunities or additional information to the investor. The Manager or its associates may also agree to consult with or obtain prior approval from particular investors before taking certain actions. Where the Company has granted preferential rights of redemption in relation to a Sub-Fund, the material terms relating to such preferential rights will be made available on request.

As a result, should a Sub-Fund experience a decline in performance over a period of time, a Shareholder who is party to a side letter that permits a shorter notice to effect redemptions and/or different redemption times may be able to redeem Participating Shares of the Sub-Fund prior to other Shareholders.

The Directors may enter into such side letters or similar arrangements with any party as the Directors may determine in their sole and absolute discretion at any time. Except as described in this Placing Memorandum or as required by law, regulation or the Instrument of Incorporation, in general, neither the Company nor the Manager will be required to notify any or all of the other Shareholders of any such side letter arrangements or any of the rights and/or terms or provisions thereof, nor will the Company or the Manager be required to offer such additional and/or different rights and/or terms to any or all of the other Shareholders. The other Shareholders will have no recourse against the Company, the relevant Sub-Fund, the Manager, and/or any of their affiliates in the event that certain Shareholders receive additional and/or different rights and/or terms as a result of such side letters.

### **Handling of Mail**

Mail addressed to the Company and received at its registered office may, depending on the practices and procedures of the Company's registered office services provider, be forwarded unopened to the forwarding address supplied by the Company / Manager / Administrator to be dealt with. None of the Company, its Directors, officers, advisors or Service Providers (including the registered office services provider) will bear any responsibility for any delay howsoever caused in mail reaching the forwarding address. In particular the Directors will only receive, open or deal directly with mail which is addressed to them personally (as opposed to mail which is addressed just to the Company).

### **Requests for Information**

The Company, or any Directors or agents may be compelled to provide information, subject to a request for information made by a regulatory or governmental authority or agency under applicable law; e.g. by the SFC, either for itself or for a recognised overseas regulatory authority, under the SFO, or by the Hong Kong Inland Revenue Department, under the Inland Revenue Ordinance of Hong Kong (as amended) and associated regulations, agreements, arrangements and memoranda of understanding. Disclosure of confidential information under such laws shall not be regarded as a breach of any duty of confidentiality and, in certain circumstances, the Company, Director or agent, may be prohibited from disclosing that the request has been made.

### **Legal Counsel to the Company**

Deacons has been appointed as Hong Kong legal counsel to the Company and the Manager (“**Legal Counsel**”). Other counsel may also be retained where the Company or the Manager (each on its own behalf) determines that to be appropriate.

In connection with the Company's offering of Participating Shares of the Sub-Funds and subsequent advice to the Company, the Legal Counsel will not be representing Shareholders. No independent legal counsel has been retained to represent the Shareholders. The Legal Counsel's representation of the Company is limited to specific matters as to which it has been consulted by the Company. There may exist other matters that could have a bearing on the Company or a Sub-Fund as to which the Legal Counsel has not been consulted. In addition, the Legal Counsel does not undertake to monitor compliance by the Manager and its affiliates with the investment programme, valuation procedures and other guidelines set forth herein, nor does the Legal Counsel monitor ongoing compliance with applicable laws and regulations. In connection with the preparation of this Placing Memorandum, the Legal Counsel's responsibility is limited to matters of Hong Kong law and it does not accept responsibility in relation to any other matters referred to or disclosed in this Placing Memorandum. In the course of advising the Company or a Sub-Fund, there are times when the interests of Shareholders may differ from those of the Company, the relevant Sub-Fund or Shareholders of other Sub-Funds. The Legal Counsel does not represent the Shareholders' interests in resolving these issues. In reviewing this Placing Memorandum, the Legal Counsel has relied upon information furnished to the Legal Counsel by the Company and has not investigated or verified the accuracy and completeness of information set forth herein concerning the Company.

There may be situations in which there is a “conflict” between the interests of the Manager and those of the Company or a Sub-Fund. In these situations, the Manager and the Company will determine the appropriate resolution of such conflict, and may seek advice from Deacons in connection with such determinations. The Manager and the Company, for and on behalf of the Sub-Funds, have consented to Deacons' concurrent representation of such parties in such circumstances.

### **United States FATCA**

Pursuant to sections 1471 – 1474 of the United States Internal Revenue Code of 1986 and any associated legislation, regulations or guidance, commonly, referred to as the U.S. Foreign Account Tax Compliance Act (“**FATCA**”), certain payments to non-US persons, such as the Company, including interest and dividends from securities of U.S. issuers may be subject to withholding at a 30 per cent. rate, unless the recipient of the payment satisfies certain requirements intended to enable the United States Internal Revenue Service (the “**US IRS**”) to identify US persons with interests in such payments.

FATCA withholding generally applies with respect to payments of U.S. source investment income (including dividends and interest), and is scheduled to apply with respect to certain non-US source payments no earlier than two years after the issuance of final regulations defining the term “foreign passthru payment”.

Although the Company will attempt to satisfy any obligations imposed on it and to avoid the imposition of any FATCA withholding, no assurance can be given that the Company will be able to achieve this and/or satisfy such FATCA obligations. If the Company becomes subject to a 30 per cent. FATCA penalty withholding on most types of income from U.S. investments as a result of the FATCA regime, the value of the Participating Shares held by Shareholders in the affected Sub-Funds may suffer material losses.

The Company's ability to comply with FATCA will depend on each Shareholder providing the Company with information that the Company requests concerning the Shareholder and/or its direct and indirect owners.

In the event any amounts are withheld from payments made to the Company pursuant to FATCA due to any failure by a Shareholder to provide information to the Company necessary to avoid such withholding, and in the opinion of the Directors or the Manager, as the case may be, holding of Participating Shares by such person (whether directly or beneficially) will result in the Company incurring any liability to taxation or suffering a pecuniary disadvantage which the Company might not otherwise have incurred or suffered, or the Company being exposed to any liability, penalty or regulatory action, then the Directors, may exercise their right to request a transfer of Participating Shares to another person or to compulsorily redeem the Participating Shares held by such Shareholder. Any such transfer or compulsory redemption will be done in accordance with applicable laws and regulations, and the discretion to do so will be exercised by the Manager acting in good faith and on reasonable grounds.

This and certain other tax risks associated with an investment in the Company are discussed below under the section headed "*Taxation.*"

Each Shareholder and prospective investor should consult with the Shareholder's own tax advisor as to the potential impact of FATCA on the Shareholder's own tax situation.

### **Sustainability Risks**

The Company may be exposed to sustainability risks from time to time. A sustainability risk refers to an environmental, social or governance ("**ESG**") event or condition that could cause an actual or a potential material negative impact on the value of investments. The universe of sustainability events or conditions is very broad, and their relevance, materiality and impact on investments will depend on a number of factors such as asset location and/or sector. Depending on the circumstances, examples of sustainability risks can include but are not limited to physical environmental risks, climate change transition risks, supply chain disruptions, improper labour practices, lack of board diversity and corruption. If they materialize, sustainability risks can reduce the value of the Company and could have a material impact on the performance and returns of the Company.

The Manager may integrate the review of sustainability risks into the investment process, as relevant, to the nature and risk of investment opportunities, by reference to factors such as location and/or sector.

### **Climate-related Risks**

The underlying companies in which the Company invests may have investments that are located in areas which are subject to climate-related risks. Any investments located in coastal regions may be affected by any future increases in sea levels or in the frequency or severity of hurricanes and tropical storms, whether such increases are caused by global climate changes or other factors. There may be significant physical effects of climate change that have the potential to have a material effect on the underlying company's business and operations. Physical impacts of climate change may include: increased storm intensity and severity of weather (e.g., floods or hurricanes); sea level rise; and extreme temperatures. As a result of these physical impacts from climate-related events, the Company may be vulnerable to the following: risks of property damage to the Company's investments; indirect financial and operational impacts from disruptions to the operations of the Company's investments from severe weather; increased

insurance premiums and deductibles or a decrease in the availability of coverage, for investments in areas subject to severe weather; decreased net migration to areas in which investments are located, resulting in lower than expected demand for the products and services of the investments; increased insurance claims and liabilities; increase in energy cost impacting operational returns; changes in the availability or quality of water or other natural resources on which the business depends; decreased consumer demand for consumer products or services resulting from physical changes associated with climate change (e.g., warmer temperature or decreasing shoreline could reduce demand for residential and commercial properties previously viewed as desirable); incorrect long-term valuation of an equity investment due to changing conditions not previously anticipated at the time of the investment; and economic distributions arising from the foregoing.

**The foregoing risk factors do not purport to be all the risks involved in this offering. Potential investors should read this Placing Memorandum and the relevant Appendix in their entirety and seek independent advice before determining whether to invest in Participating Shares of a Sub-Fund.**

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## ACCOUNTS AND INFORMATION

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The Company's financial year end is 31 December with the first such financial year ending on 31 December 2022. The annual reports and audited accounts of the Company will be published and copies will be sent to Shareholders within four months of the end of each financial year end. The annual reports and audited accounts of the Company will be prepared in either English and will also be made available to investors free of charge upon request from the offices of the Manager. All financial reports published by the Company will also be filed with the SFC within four months of the end of each financial year end.

The assets and liabilities of each Sub-Fund will be presented in the audited financial statements of the relevant Sub-Fund in accordance with IFRS or such other accounting standards as stated in the relevant Appendix. To the extent that the valuation basis adopted for a Sub-Fund deviates from IFRS, the Company may be required to include a reconciliation note in the annual accounts of the Sub-Fund to reconcile values arrived at by applying the Sub-Fund's valuation rules. If the Net Asset Value of a Sub-Fund is not adjusted in preparation of the annual accounts, non-compliance with IFRS may result in the Auditors qualifying their opinion on those annual accounts depending on the nature and level of materiality of the non-compliance.

In addition, the Net Asset Value per Participating Share of a Sub-Fund will be published at such times and in such manner as stated in the relevant Appendix.

The Company and the Manager may, to the maximum extent permitted by applicable law, keep confidential from any Shareholder any information the disclosure of which (i) is prohibited or restricted under any law, governmental regulations or agreement applicable to the Company and the Manager or any of their affiliates or (ii) the Company and the Manager reasonably believes may have an adverse effect on (a) the ability to entertain, negotiate or consummate any proposed investment or transaction or (b) the Company and the Manager or any of their affiliates. Without limiting the above, the Company and the Manager may exclude from any report, statement or other document delivered to any Shareholder, valuations of one or more investments or other information relating to investments until such time as the Company or the Manager may determine in its sole discretion. The Company and the Manager may elect to withhold information on a Shareholder by Shareholder basis, including with respect to a Shareholder that is subject to any law, rule or regulation that imposes upon such Shareholder an obligation to make certain information available to the public.



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## DIVIDEND POLICY

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The dividend policy applicable to a Sub-Fund and the Classes of Participating Shares of the Sub-Fund shall be as stated in the relevant Appendix. Subject to applicable laws and regulations, dividends may be payable out of income or capital of the relevant Sub-Fund. The Directors may change the dividend policy applicable to a Sub-Fund or a Class of Participating Shares by giving not less than one month's prior notice to relevant Shareholders or such other period of notice as specified in the relevant Appendix.

Subject to the relevant Appendix, distributions (if any) will be declared and paid in the Class Currency of the relevant Class of Participating Shares. However, the Directors have the absolute discretion, whether generally or in any particular case, to cause all or part of the distributions of a Class of Participating Shares of a Sub-Fund to be paid out in a currency other than the Class Currency of the relevant Class (the "**Alternative Distribution Currency**"). In such a case, all applicable bank charges and other conversion costs will be deducted from the distributions. The Directors may exercise their discretion to pay distributions denominated in the Alternative Distribution Currency under certain circumstances, such as, but not limited to where, for any reason, insufficient Class Currency is available to the relevant Sub-Fund to pay the distributions or where due to the direction of any competent authority or as a result of any legal or regulatory requirement applicable to the Company, the Sub-Fund and/or the relevant Shareholder, it is not permitted and/or practicable for the distributions to be paid in the Class Currency. If so stated in the relevant Appendix, distributions may also be paid in specie, in whole or in part.

Unless stated otherwise in the relevant Appendix, a Shareholder may elect the option of automatically reinvesting any given distribution by notifying the Manager at the time of subscription of Participating Shares of a Sub-Fund (or thereafter provided that sufficient notice has been given to the Manager). In the event a Shareholder makes such an election, the distributed amount will be used to purchase additional Participating Shares of the relevant Class of the relevant Sub-Fund on the scheduled distribution payment date or the Subscription Day next following the scheduled distribution payment date or on such other day as stated in the relevant Appendix, rather than be paid to such Shareholder in cash.

Where a dividend or other sum has been declared or become payable, a distribution recipient is no longer entitled to a dividend or other sum, and it ceases to remain owing by the Company, if six (6) years have passed from the date on which the dividend or other sum became due for payment and the distribution recipient has not claimed it.

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## TAXATION

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The information set out below and (where applicable) in the Appendices is for general reference only and is not intended to constitute tax advice. Investors should consult their professional advisers on the potential tax consequences of subscribing for, purchasing, holding or redeeming Participating Shares under the laws of their country of citizenship, domicile or residence.

Investors are not to construe the contents of this Placing Memorandum, the Appendices or any prior or subsequent communications from the Company, the Manager or any other Service Provider or any of their respective directors, officers or agents as legal or tax advice.

As is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment in a Sub-Fund is made will endure indefinitely. The following is based on the law and practice currently in force in Hong Kong which is subject to change or may be subject to different interpretations, possibly with retroactive effect. Other legislation could be enacted that would subject the Company, a Sub-Fund and/or investors to additional or other taxes.

In view of the number of different jurisdictions where local laws may apply to Shareholders, the discussion below may not address the tax consequences to prospective investors of the purchase, ownership, and disposition of Participating Shares. Prospective investors are urged to consult their own tax advisors in determining the possible tax consequences to them under the laws of the jurisdictions of which they are citizens, residents or domiciliaries, jurisdictions in which they conduct business and jurisdictions in which they hold Participating Shares. This discussion does not constitute tax advice.

### Hong Kong

#### The Company

The Inland Revenue (Profits Tax Exemption For Funds) (Amendment) Ordinance 2019 (“**Exemption Amendment Ordinance**”) introduced a “unified profits tax fund exemption regime” (“**Unified Regime**”) under which a “fund” may enjoy profits tax exemption without restriction as to its structure, size, the purpose that it serves or location of its central management and control, subject to meeting conditions.

Under the Exemption Amendment Ordinance, the definition of a “fund” is largely similar to that of a “collective investment scheme” under Part 1 of Schedule 1 to the SFO, with certain amendments. Broadly, the definition of “fund” under the Exemption Amendment Ordinance, subject to certain exception, is an arrangement in respect of any property, if at all times under which:

- (a) either (i) the property is managed as a whole by, or on behalf of, the person operating the arrangement; and/or (ii) the contributions of the persons participating in the arrangement (“**participating persons**”) and the profits or income from which payments are made to them, are pooled under the arrangement; and
- (b) the participating persons do not have day-to-day control over the management of the property (whether or not they have the right to be consulted on, or to give direction in respect of, the management); and
- (c) the actual or pretended purpose or effect of the arrangement is to enable the participating persons, whether by acquiring any right, interest, title or benefit in the property or any part of such property or otherwise, to participate in or receive profits, income or other returns arising from the acquisition, holding, management or disposal of the property or sums represented to be paid out of any such profits, income or other returns; or a payment or other returns arising from the

acquisition, holding or disposal of, the exercise of any right in, the redemption of, or the expiry of, any right, interest, title or benefit in the property or any part of the property.

However, business undertakings for general commercial or industrial purposes and intra-group arrangements, in which all participants in the arrangement are corporations in the same group of companies as the operator of the arrangement or arrangements in which all the participants are employees (or close relatives of such employees) of the same corporate group as the operator of the arrangement, do not qualify as a “fund”.

Under the Unified Regime, profits of a “fund” derived from “qualifying transactions” (as defined below) which are carried out or arranged in Hong Kong by or through a “specified person” (i.e. a corporation licensed under Part V of the SFO or an authorised financial institution registered under Part V of the SFO for carrying on a business in any regulated activity as defined by Part 1 of Schedule 5 to the SFO) will be exempt from Hong Kong profits tax. If the “fund” is a “qualified investment fund”, defined as a “fund” which (a) at all times after the final closing of sale of interests, the number of independent investors (other than the originator or the originator’s associates) exceeds four and the capital commitments made by investors (other than the originator or the originator’s associates) exceeds 90 per cent. of the aggregate capital commitments; and (b) the person that directly or indirectly originates or sponsors the “fund” and has the power to make investment decisions on behalf of the “fund” and its associates are entitled to no more than 30 per cent. of the net proceeds arising out of the transaction of the “fund”, it can qualify for profits tax exemption even if its transactions are not carried out through or arranged by a “specified person”. Where the “fund” satisfies the above conditions, its respective profits or income earned from “qualifying transactions” and transactions incidental to the carrying out of the qualifying transactions (“**incidental transactions**”) to the extent not exceeding 5% of the total trading receipts from “qualifying transactions” and “incidental transactions” in the basis period of a year of assessment are exempt from profits tax. Please note that currently the Hong Kong Inland Revenue Department considers that interest income is an income derived from incidental transactions and should be chargeable to Hong Kong profits tax if the interest income is Hong Kong sourced and the 5% threshold is exceeded.

Profits tax exemption should be allowed to each Sub-Fund separately as long as each Sub-Fund meets the exemption conditions as set out in the Exemption Amendment Ordinance. If the conditions for exemption from payment of tax under the Exemption Amendment Ordinance are met in respect of a Sub-Fund, the Sub-Fund is exempt from tax even if the conditions are not met in respect of another Sub-Fund of the main company.

“Qualifying transactions” are transactions in assets of a class specified in Schedule 16C to the Inland Revenue Ordinance which may be amended from time to time and currently include (i) securities; (ii) shares, stocks, debentures, loan stocks, funds, bonds or notes of, or issued by, a private company (whether incorporated in or outside Hong Kong, if certain tests are satisfied); (iii) futures contracts; (iv) foreign exchange contracts; (v) deposits other than those made by way of a money-lending business; (vi) deposits made with a bank; (vii) certificates of deposit; (viii) exchange-traded commodities; (ix) foreign currencies; (x) over-the-counter derivative products; and (xi) an investee company’s shares co-invested by a partner fund and The Innovation and Technology Venture Fund Corporation under the Innovation and Technology Venture Fund Scheme.

The profits tax exemption applicable to a “fund” shall extend to any special purpose entities (“**SPEs**”, each an “**SPE**”) (as defined under the Exemption Amendment Ordinance) of such “funds”, to the extent that corresponds to the percentage of shares or interest the “fund” holds in such SPE. For this purpose, an SPE is defined under the Exemption Amendment Ordinance as a corporation, partnership, trustee of a trust estate or any other entity that:-

- (a) is wholly or partially owned by a “fund”;

- (b) is established solely for the purpose of holding (whether directly or indirectly) and administering only one or both of (i) one or more investee private companies; (ii) assets of a class specified in Schedule 16C;
- (c) is incorporated, registered or appointed in or outside Hong Kong;
- (d) does not carry on any trade or activities except for the purpose of (i) holding (whether directly or indirectly) and administering one or more investee private companies; (ii) holding (whether directly or indirectly) and administering assets of a class specified in Schedule 16C; or (iii) executing a legal document relating to an activity mentioned in (i) or (ii) above on behalf of the fund; and
- (e) is not itself a fund or an investee private company.

Under the Exemption Amendment Ordinance, there are certain anti-avoidance measures in place in respect of investments in private companies (where applicable) by a “fund” and its “SPEs” where profits or income earned from a transaction in “private company” are not exempt from profits tax in the following situations:

- (a) that private company holds (whether directly or indirectly) immovable property (other than infrastructure) in Hong Kong or holds (whether directly or indirectly) share capital (however described) in another private company that holds (whether directly or indirectly) immovable property (other than infrastructure) in Hong Kong, if the aggregate value of the immovable property (other than infrastructure) in Hong Kong and the share capital held by the first mentioned private company exceeds 10% of the value of the assets of the first mentioned private company; or
- (b) where the fund has control over the private company and the specified securities are disposed of less than 2 years after they were acquired, and the private company holds (whether directly or indirectly) “short-term assets” (i.e. assets that are of a class not specified in Schedule 16C to the IRO, not immovable property in Hong Kong and have been held by such private company for less than 3 consecutive years before the date of disposal of such private company) and the aggregate value of which exceeds 50% of the value of the assets of such private company

It is the intention of the Directors to conduct the affairs of the Company as far as possible that the Company should not have any profits tax liability in Hong Kong. However, no assurance can be given that profits from certain investments will not give rise to a liability to profits tax in Hong Kong for the Company.

Dividend income from investments should generally not be chargeable to profits tax in Hong Kong in the hands of the Company.

There is currently no withholding tax imposed on dividend or interest payments in Hong Kong. In addition, there is no general turnover, sales or value added tax imposed in Hong Kong.

If the Company acquires or disposes of any “Hong Kong stocks” (as defined under the Hong Kong Stamp Duty Ordinance (“SDO”)), Hong Kong stamp duty will be imposed at the current rate of 0.13% on the stated consideration or fair market value of the Hong Kong stocks, whichever is higher. The purchaser and seller are each liable for one-half of the amount of Hong Kong stamp duty chargeable upon such transfer (i.e. total stamp duty payable for such transaction is 0.26%).

### The Shareholders

The Inland Revenue (Amendment) (No.3) Ordinance 2018, which was enacted into law on 29 March 2018, implements a two-tiered profits tax rates system in Hong Kong, under which the profits tax rate

applicable to the first HK\$2 million of assessable profits (“**Assessable Profit Threshold**”) of corporations is lowered to 8.25 per cent. and of unincorporated businesses is lowered to 7.5 per cent. respectively, subject to certain conditions. Any assessable profits beyond the Assessable Profit Threshold are subject to a profits tax rate of 16.5 per cent. for corporations and 15 per cent. for unincorporated businesses (collectively, the “**Two-Tier Profits Tax Arrangement**”).

For Shareholders where the interests in the Company represent capital assets to them for Hong Kong profits tax purposes, gains arising from the sale, disposal or redemption of the interests in the Company should be capital in nature and not taxable in Hong Kong. For Shareholders carrying on a trade, profession or business in Hong Kong and who also invest in securities for trading purposes (e.g. dealers in securities, financial institutions, insurance companies), such gains may be considered to be part of the Shareholders’ normal business profits and in such circumstances may be subject to Hong Kong profits tax (which is currently charged at the rate of up to 16.5% for corporations, and up to 15% for unincorporated businesses) in accordance with the Two-Tier Profits Tax Arrangement if the gains in question arise in or are derived from Hong Kong. However, whether the gain arising from the sale or other disposal of the interests in the Company is to be regarded as capital or trading in nature would depend on each Shareholder’s circumstances and is a matter of fact. Shareholders should seek their own independent Hong Kong tax advice on this issue.

Dividend income or distributions from investment in the Company should generally not be subject to Hong Kong profits tax in the hands of the Shareholders (whether by way of withholding or otherwise).

Under the Exemption Amendment Ordinance, there are certain anti-avoidance or “round-tripping” provisions which deem certain Hong Kong resident Shareholders to have derived assessable profits from a tax-exempt fund and/or SPE that meets the prescribed conditions (i.e. “**Deeming Provision**”). These Deeming Provisions may apply, inter alia, where a Hong Kong resident Shareholder who, alone or jointly with its/his “associates” (as defined in the Exemption Amendment Ordinance), holds directly and/or indirectly 30 per cent. or more of the beneficial interest in a tax-exempt fund and/or SPE or where such Hong Kong resident Shareholder is an “associate” (as defined in the Exemption Amendment Ordinance) of the tax-exempt fund and/or SPE (irrespective of the percentage holding of the beneficial interest in the fund). Should the Deeming Provisions apply, it is the Hong Kong resident Shareholder who will be obliged to report and be subject to Hong Kong profits tax on a deemed basis in respect of its/his share of the tax exempt profits in the tax-exempt fund and/or SPE concerned. The Deeming Provisions would generally not apply if the Company is regarded as being bona fide widely held. Shareholders should seek their own independent Hong Kong tax advice on this issue.

Hong Kong stamp duty will not be imposed in respect of the issuance or redemption of Participating Shares by the Company. No Hong Kong stamp duty is payable where the sale or transfer of the Participating Shares is effected by extinguishing the Participating Shares or the sale or transfer is to the Manager who subsequently re-sells the Participating Shares within two months thereof.

Other types of sales or purchases or transfers of Participating Shares by Shareholders would be liable to Hong Kong stamp duty of 0.13% (borne by each of the buyer and the seller) on the higher of the stated consideration or market value.

This Hong Kong tax disclosure is general in nature and does not purport to cover all Hong Kong tax consequences of investing in the Company. Prospective Shareholders should independently consult their own professional advisers on the potential taxation consequences of their subscribing for, buying, holding, transferring, selling, withdrawing or otherwise disposing of Participating Shares in the Company.

### **Other Jurisdictions**

It is possible that certain dividends, interest and other income received by the Company from sources within certain countries will be subject to withholding taxes imposed by such countries. In addition, the Company may also be subject to capital gains taxes or other taxes in some of the countries where it

purchases and sells securities or otherwise conducts business. It is impossible to predict the rate of tax that the Company will pay in advance since the amount of the Company's assets to be invested in various countries is not known.

### **Automatic Exchange of Financial Account Information**

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

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

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

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

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

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## **CHARGES AND EXPENSES**

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### **Manager's Fees**

The Manager's entitlement to receive management fees and performance fees in respect of a Sub-Fund and each Class of Participating Shares of the Sub-Fund shall be as stated in the relevant Appendix.

Subject to the Management Agreement, the Manager will also be entitled to be reimbursed out of the assets of the relevant Sub-Fund for all out-of-pocket expenses incurred in the course of its duties.

Where so stated in the relevant Appendix, the Manager may also be entitled to receive additional fees in respect of a Sub-Fund or a Class of Participating Shares, including a subscription charge payable on the issue of Participating Shares, a redemption charge payable on the redemption of Participating Shares and a conversion charge payable on the conversion of Participating Shares of a Sub-Fund.

### **Prime Brokerage Fees**

Where a Prime Broker is appointed in respect of a Sub-Fund, the Prime Broker will be entitled, in its capacity as prime broker, to transaction fees for clearing and settlement, interest on any advances which it makes to the Sub-Fund and such other fees as may be agreed with the Company on behalf of the Sub-Fund from time to time in relation to any other facilities the Prime Broker provides to the Company. Where applicable, a Prime Broker may charge additional fees for acting as custodian of the assets that it holds as prime broker or sub-custodian of a Sub-Fund.

### **Administrator's Fees**

The Company will pay, out of the assets of the relevant Sub-Fund, a fee for administration services for each Sub-Fund for which it acts as administrator at rates agreed with the Administrator from time to time.

The Administrator will also be entitled to be reimbursed by the relevant Sub-Fund for all out-of-pocket expenses incurred in the course of its duties.

### **Custodian's Fees**

The Company will pay, out of the assets of the relevant Sub-Fund, a fee for custody services for each Sub-Fund for which it acts as custodian at rates agreed with the Custodian from time to time.

The Custodian will also be entitled to be reimbursed by the relevant Sub-Fund for all out-of-pocket expenses incurred in the course of its duties.

### **Directors' Fees**

The Directors will determine the remuneration payable to each Director, subject to a maximum aggregate amount of US\$50,000 per annum for each Director or such other amount as the Directors may determine from time to time from the assets of the Company. The Company will also pay expenses properly incurred by the Directors in the conduct of the Company's business including travel and other expenses, from the assets of the Company.

As at the date of this Placing Memorandum, Ms. ZHANG Le and Mr. CHEN Yilun have waived their entitlement to receive a Director's fee. The director fee arrangements may, subject to the provisions of the Instrument of Incorporation, be increased or otherwise varied by the Company from time to time.

### **General Expenses**

The preliminary expenses of the Company (including fees in connection with the incorporation of the Company in Hong Kong, registration fees payable by the Company and/or the Directors (to the extent attributable to their directorship of the Company), the costs incurred in connection with the establishment of the Initial Sub-Fund, the preparation and execution of the material contracts referred to below in the section headed “*General Information – Material Contracts*”, the preparation of this Placing Memorandum and the Appendix for the Initial Sub-Fund, and all initial legal and printing costs, which are estimated to amount to approximately US\$75,000, will be borne by the Initial Sub-Fund and amortised over the first five financial years of the Initial Sub-Fund commencing on the first day following the close of the Initial Offer Period of the Initial Sub-Fund or such other period as the Directors may determine. This policy of amortisation is not in accordance with IFRS and may accordingly result in the Auditors qualifying the Company’s accounts. However, the Directors believe that this policy is fairer and more equitable to the initial investors.

Where additional Sub-Fund(s) are established in the future, the Directors may in their discretion determine that the unamortised costs of establishing the Company, or a part of such unamortized costs, may be re-allocated to such future Sub-Fund(s).

The costs of establishment of each subsequent Sub-Fund may be borne by the relevant Sub-Fund and amortised over such period as the Directors may determine and as stated in the relevant Appendix. Where such costs are amortised over more than one year, investors should note that this policy of amortisation is not in accordance with IFRS and may accordingly result in the Auditors qualifying the Company’s accounts in respect of the relevant Sub-Fund. However, the Directors believe that this policy is fairer and more equitable to the initial investors in such Sub-Fund. If any Sub-Fund is terminated prior to its costs of establishment being fully amortised, such unamortised amount will be borne by the relevant Sub-Fund before its termination.

If a Shareholder redeems all or a portion of the Shareholder’s Participating Shares of a Sub-Fund prior to the end of the amortisation period for the relevant Sub-Fund, the Company may, but is not required to, accelerate a proportionate share of the unamortised organisational expenses based upon amounts being redeemed and reduce the redemption proceeds payable to the relevant Shareholder by the amount of such accelerated expenses.

The Company will also bear, *inter alia*, the cost of annual company registration fees payable in Hong Kong, the fees and expenses of the Directors, Service Providers, Auditors, legal advisers and other professional advisers to the Company, company secretarial fees, valuation costs, the cost of any liability insurance taken out by the Company in respect of the Directors, the cost of printing and distributing the Company’s financial reports and statements, the costs incurred in connection with the preparation of any amendments to this Placing Memorandum, the Appendices, the Instrument of Incorporation or the material contracts referred to below in the section headed “*General Information – Material Contracts*”, the costs of obtaining and maintaining any listing or regulatory approval of the Company or any Class of Participating Shares, all fees and expenses incurred in connection with the retirement or removal of any service provider to the Company or the appointment of any new service provider, the costs of holding meetings of Shareholders and of giving notices to Shareholders, the costs incurred in terminating the Company, any amount payable under the indemnity provisions of the Instrument of Incorporation or any agreement with the Service Providers and all other liabilities of the Company of whatsoever kind and nature including an appropriate provision for taxes and contingent liabilities as determined from time to time by the Directors. To the extent not attributable to a particular Sub-Fund or Sub-Funds, the Directors intend to allocate such expenses between all Sub-Funds having regard to such factors as the respective Net Asset Values of the Sub-Funds and the length of time each Sub-Fund has been in existence.

Each Sub-Fund will bear all brokerage (if any) payable on the purchase or sale of investments, expenses relating to short sales, clearing and settlement charges, custodial and depositary fees, bank service fees, interest on borrowings and fees in respect thereof attributable to the relevant Sub-Fund.



Except as otherwise provided in this Placing Memorandum, any expenses directly or indirectly borne by a Sub-Fund, other than the management fee and the performance fee payable to the Manager or any other expenses which the Directors determine in their sole discretion should be allocated to a particular Shareholder or Shareholders (for example, any tax withheld from the Company in respect of the Sub-Fund or paid over by the Company in respect of the Sub-Fund, in each case, directly or indirectly, with respect to or on behalf of a Shareholder, and interest, penalties and/or any additional amounts with respect thereto, including, without limitation, a tax that is determined based on the status, action or inaction (including the failure of a Shareholder to timely provide information to eliminate or reduce withholding or other taxes) of a Shareholder), will be shared on a *pro rata* basis by all of the Classes and (if applicable) Series of Shares of the relevant Sub-Fund. Any expenses attributable to a particular Class or Series of a Sub-Fund will be allocated solely to such Class or Series, including, without limitation, any costs of currency hedging. To the extent that expenses to be borne by the Company or a Sub-Fund are paid by the Manager or any of its affiliates the Company will reimburse such party for such expenses out of the assets of the relevant Sub-Fund.

### **Changes to Fees**

The fees and charges payable by the Company, any Sub-Fund and/or investors as currently disclosed in this Placing Memorandum and/or an Appendix may be increased by the Manager without the consent of Shareholders on giving prior written notice to affected Shareholders, provided that such Shareholders are given an opportunity to redeem their affected Participating Shares on or before a Redemption Day (including any additional Redemption Day(s) as declared by the Directors) prior to the effective date of any increase in the management fee or performance fee applicable to the affected Participating Shares.

### **Best Execution, Commission Rebates and Soft Commissions**

Portfolio transactions for the Company and the Sub-Funds will be allocated to brokers and dealers in accordance with the best execution policy of the Manager on the basis of numerous factors and not necessarily lowest pricing. Such factors may include price, costs, speed, likelihood of execution and settlement, size, nature or other considerations relevant to the execution of a particular transaction.

Unless otherwise stated in the relevant Appendix, the Manager and/or any company associated with the Manager may not enter into portfolio transactions for or with the Company or a Sub-Fund, either as agent in which case the Manager may receive and retain customary brokerage commission and/or cash commission rebates, or with the approval of the Directors, deal as a principal with the Company or a Sub-Fund in accordance with normal market practice, provided that commissions charged to the Company or the relevant Sub-Fund in these circumstances do not exceed customary full service brokerage rates.

Unless otherwise stated in the relevant Appendix, the Manager will not enter into soft commission arrangements in relation to the Company or any Sub-Fund.

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## VALUATION AND PRICES

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### Calculation of Net Asset Value

Unless otherwise stated in the relevant Appendix, the value of the net assets of a Sub-Fund will be determined as at the Valuation Point relating to each Valuation Day of the Sub-Fund in accordance with this Placing Memorandum and the Instrument of Incorporation, which together provide (inter alia) that:-

- (a) the value of any cash on hand or on deposit, bills, demand notes, accounts receivable, prepaid expenses, cash dividends and interest declared or accrued and not yet received shall be deemed to be the full amount thereof unless the Manager shall have determined that any such deposit, bill, demand note or account receivable is not worth the full amount thereof in which event the value thereof shall be deemed to be such value as the Manager shall deem to be the reasonable value thereof;
- (b) except in the case of any interest in a collective investment scheme to which paragraph (c) applies and subject as provided in paragraph (d) below, all calculations based on the value of investments quoted, listed, traded or dealt in on any stock exchange, commodities exchange, futures exchange or over-the-counter market shall be made by reference to the last traded price or closing price as calculated and published on the principal exchange or market for such investments as at the close of business in such place on the day as of which such calculation is to be made and where there is no stock exchange, commodities exchange, futures exchange or over-the-counter market all calculations based on the value of investments quoted by any person, firm or institution making a market in that investment (and if there shall be more than one such market maker then such particular market maker as the Manager may determine) shall be made by reference to the mean of the latest bid and asked price quoted thereon by such person; provided always that if the Manager in its discretion considers that the prices ruling on an exchange or market other than the principal exchange or market provide in all the circumstances a fairer criterion of value in relation to any such investment, the Manager may adopt such prices;
- (c) subject as provided in paragraph (d) below, the value of each interest in a collective investment scheme which is valued as at the same day as the 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 Sub-Fund, 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 redemption or bid price for such unit, share or other interest;
- (d) subject to paragraph (e) below, if no net asset value, bid, redemption and asked prices or price quotations are available as provided in paragraphs (b) or (c) above, the value of the relevant asset shall be determined from time to time in such manner as the Manager shall determine; and
- (e) interest-bearing securities which are not quoted, listed, traded or dealt in on any stock exchange, commodities exchange, futures exchange or over-the-counter market shall be valued at cost plus accrued interest.

Any value (whether of a borrowing or other liability or an investment or cash) otherwise than in the Base Currency of a Sub-Fund shall be converted into the Base Currency at the rate (whether official or otherwise) which the Manager shall deem appropriate in the circumstances having regard to any premium or discount which may be relevant and to costs of exchange.

The Directors may, in their sole discretion, provide reserves or holdbacks for estimated accrued expenses, liabilities or contingencies, including general reserves or holdbacks for unspecified contingencies, even if such reserves or holdbacks are not in accordance with IFRS.

Notwithstanding the abovementioned provisions, the Manager may adjust the value of any asset of a Sub-Fund or permit some other method of valuation to be used if, having regard to currency, applicable rate of interest, maturity, marketability and other considerations the Manager deems relevant, it considers that such valuation is required to reflect the fair value of any asset.

The term “last traded price” referred to in paragraph (b) above refers to the last traded price reported on the exchange for the day, commonly referred to in the market as the “settlement” or “exchange price”, and represents a price at which members of the exchange settle between them for their outstanding positions. Where a security has not traded then the last traded price will represent the “exchange close” price as calculated and published by that exchange in accordance with its local rules and customs.

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

The Company will prepare the annual accounts of each Sub-Fund in accordance with IFRS. Investors should note that the above valuation policies may not necessarily comply with IFRS. Under IFRS, investments should be valued at fair value. If an asset or a liability measured at fair value has a bid price and an ask price, the price within the bid-ask spread that is most representative of fair value in the circumstances shall be used to measure fair value. Under the valuation basis described above, listed investments are expected to be valued at the last traded price. Whilst IFRS does not preclude the use of the last traded price, the last traded price needs to be within a bid-ask spread to be compliant with IFRS. To the extent that the valuation basis adopted by a Sub-Fund deviates from IFRS, the Manager may be required to make adjustments in the annual accounts of the Sub-Fund in order to comply with IFRS, and if relevant will include a reconciliation note in the annual accounts of the Sub-Fund to reconcile values shown in the annual accounts determined under IFRS to those arrived at by applying the Sub-Fund’s valuation rules. Otherwise, non-compliance with IFRS may result in the Auditors issuing a qualified or an adverse opinion on the annual accounts depending on the nature and level of materiality of the non-compliance.

Generally, in calculating Net Asset Value per Participating Share of a Sub-Fund, the Administrator may rely, without further inquiry, upon information and communications received by the Administrator in good faith from any source, including (without limitation) the Company, the Manager, the Custodian, the Prime Broker, any pricing agent, any automatic pricing services or any other person, firm or corporation whatsoever, and the Administrator shall not (in the absence of Gross Negligence (as defined in the Administration Agreement), fraud or wilful misconduct on the part of the Administrator) be liable for any loss suffered by the Company, any Sub-Fund or any Shareholder by reason of any error in such calculations by the Administrator resulting from any inaccuracy in any such information or the failure by such persons to provide any information relevant to the calculation of the Net Asset Value per Participating Share.

## **Suspension**

The Instrument of Incorporation provides that the Manager may suspend the determination of the Net Asset Value of the Company or any Sub-Fund or any Class or Series of Participating Shares, the allotment or the issue of Participating Shares of any Class or Series, the redemption or conversion of Participating Shares of any Class or Series and/or the payment of the Redemption Price of any Class or

Series (including suspension of payment of the Redemption Price at any time after the relevant Redemption Day) for the whole or any part of any period:-

- (a) during which there is a closure (other than customary weekend and holiday closing) of or the restriction or suspension of trading on any stock exchange, commodities exchange, futures exchange or over-the-counter market on which a substantial part of the investments of the Company or the relevant Sub-Fund is normally traded or a breakdown in any of the means normally employed in ascertaining the prices of investments or the Net Asset Value of the relevant Sub-Fund or the Subscription Price or Redemption Price per Participating Share; or
- (b) during which for any other reason the prices of investments held or contracted for by the Company or the relevant Sub-Fund cannot, in the opinion of the Manager, reasonably, promptly or fairly be ascertained; or
- (c) when circumstances exist as a result of which, in the opinion of the Manager, it is not reasonably practicable for the Company to realise investments held or contracted for the account of the Company or the relevant Sub-Fund or it is not possible to do so without seriously prejudicing the interests of holders of Participating Shares of the relevant Sub-Fund or the relevant Class or Series; or
- (d) during which the remittance or repatriation of funds which will or may be involved in the realisation of, or in the payment for investments of the Company or the relevant Sub-Fund or the issue or redemption of Participating Shares of the relevant Class or Series is delayed or cannot, in the opinion of the Manager, be carried out promptly at normal rates of exchange; or
- (e) when a breakdown in the systems and / or means of communication usually employed in ascertaining the value of any of the investments or the Net Asset Value or the Subscription Price or Redemption Price per Participating Share of any Class or Series takes place 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 Participating Share of any Class or Series cannot, in the opinion of the Manager, reasonably or fairly be ascertained or cannot be ascertained in a prompt and accurate manner; or
- (f) when in the opinion of the Manager such suspension, delay or extension is required by law or applicable legal process or the issue, redemption or transfer of Participating Shares would result in the violation of any applicable law; or
- (g) where the Company or the relevant Sub-Fund is invested in one or more collective investment schemes, and the realisation of interests in any relevant collective investment scheme(s) is suspended or restricted;
- (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 pestilence, 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, whether similar or not which is beyond the reasonable control of the relevant party; or
- (i) where the Shareholders or the Directors have resolved or given notice to terminate the Company or relevant Sub-Fund or a Class or Series of Participating Shares or to carry out a scheme of amalgamation; or
- (j) during a Soft Wind-Down of the Company or the relevant Sub-Fund as described under the section, "*Investment Considerations - Soft Wind-Down*".

During such a period of suspension –

- (A) where the suspension is in respect of the determination of the Net Asset Value, there shall be no determination of the Net Asset Value of the Company or the relevant Sub-Fund or the relevant Class or Series (although an estimated Net Asset Value may be calculated and published) and any application for issue or request for redemption or conversion of Participating Shares of the Company or the relevant Sub-Fund or the relevant Class or Series shall be similarly suspended; or
- (B) where the suspension is in respect of the allotment or issue, conversion and/or the redemption of Participating Shares of a Class or Series, then there shall be no allotment, issue, redemption and/or conversion of Participating Shares of that Class or Series. For the avoidance of doubt, issues, redemptions and conversions of Participating Shares of that Class or Series 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 Business Day next 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 or Series and/or the issuance, redemption and/or conversion of Participating Shares of the relevant Class or Series (as the case may be) until the Manager shall declare the suspension to be at an end, except that such suspension shall terminate in any event on the day following the first Business Day on which both the condition giving rise to the suspension shall have ceased to exist, and no other condition under which suspension is authorised shall exist.

All affected Shareholders will be notified of any such suspension and the ending of such suspension in such manner as the Directors determine.

In the event that there is a delay in receipt by the Company of the proceeds of realisation of its investments to meet redemption requests, the Directors may delay the payment of the relevant portion of the amount due on the redemption of Participating Shares.

### **Subscription and Redemption Prices**

Unless otherwise stated in the relevant Appendix, the Subscription Price and Redemption Price of each Participating Share of a Class or Series relating to a Sub-Fund shall be calculated as set out below.

#### *Where the relevant Appendix states a Class is issued in Series*

The Subscription Price of each Participating Share in each new Series of a Class for any Subscription Day for subscriptions shall be a fixed price equal to US\$100, or such other price as may be determined by the Manager from time to time as provided in the relevant Appendix.

The Redemption Price of each Participating Share of a particular Series for any relevant Redemption Day will, subject as provided below, be determined in accordance with the provisions of the Instrument of Incorporation. In calculating the Redemption Price of a Participating Share of a Series, the Net Asset Value of such Series as at the Valuation Point relating to relevant Valuation Day will be divided by the number of Participating Shares of the relevant Series then in issue, the resulting amount being rounded to the nearest cent (0.005 being rounded up and 0.004 being rounded down), or such other decimal place(s) as the Manager may determine from time to time.

The Directors may, when determining the Redemption Price of a Participating Share of a Series, deduct for the account of the relevant Sub-Fund from the Net Asset Value per Participating Share of the relevant Series (before making any rounding adjustment) an amount which they consider to be an appropriate allowance to reflect (a) the difference between the last traded price (or the mean between the last available bid and asked prices) of the investments of the relevant Sub-Fund and the latest available bid

price of such investments, and (b) all stamp and other duties, taxes, governmental charges, brokerage, bank charges, transfer fees and registration fees which would be incurred for the account of the relevant Sub-Fund in realising assets or closing out positions to provide funds to meet any redemption request.

Further, the Manager may arrange for a revaluation of Participating Shares of a Series if the Manager considers that the Redemption Price calculated in relation to any Redemption Day does not accurately reflect the true value of the Participating Shares.

If at any time during the period from the time as at which the Redemption Price is calculated and the time at which redemption moneys are converted out of any other currency into the relevant Class Currency (or other relevant currency) there is a devaluation or depreciation of that other currency, the amount payable to any redeeming Shareholder may be reduced as appropriate to take account of the effect of that devaluation or depreciation.

Where a Class is not issued in Series

In calculating the Subscription Price or Redemption Price of a Participating Share of a Class, the Net Asset Value of such Class as at the Valuation Point relating to relevant Valuation Day will be divided by the number of Participating Shares of the relevant Class then in issue, the resulting amount being rounded to the nearest cent (0.005 being rounded up and 0.004 being rounded down), or such other decimal place(s) as the Manager may determine from time to time. The amount payable upon subscription may be subject to adjustment by way of Equalisation Credit if so stated in the relevant Appendix.

The Manager has the power, in determining the Subscription Price of a Participating Share, to add to the Net Asset Value per Participating Share of the relevant Class (before making any rounding adjustment) an amount, for the account of the relevant Sub-Fund which it considers to be an appropriate allowance to reflect (a) the difference between the last traded price (or the mean between the last available bid and asked prices) of the investments of the relevant Sub-Fund and the latest available asked price of such investments, (b) all stamp and other duties, taxes, governmental charges, brokerage, bank charges, transfer fees and registration fees which would be incurred for the account of the relevant Sub-Fund in investing an amount equal to that Net Asset Value per Participating Share of the relevant Class, and (c) if so stated in the relevant Appendix, an amount calculated in such manner as may be determined from time to time by the Manager to provide for adjustments relating to any performance fee.

Similarly, the Manager may, when determining the Redemption Price of a Participating Share, deduct for the account of the relevant Sub-Fund from the Net Asset Value per Participating Share of the relevant Class (before making any rounding adjustment) an amount which it considers to be an appropriate allowance to reflect (a) the difference between the last traded price (or the mean between the last available bid and asked prices) of the investments of the relevant Sub-Fund and the latest available bid price of such investments, and (b) all stamp and other duties, taxes, governmental charges, brokerage, bank charges, transfer fees and registration fees which would be incurred for the account of the relevant Sub-Fund in realising assets or closing out positions to provide funds to meet any redemption request. In addition, if so stated in the relevant Appendix, Shareholders may, upon their redemption, be entitled to receive additional redemption moneys calculated in such manner as may be determined from time to time by the Manager to provide for adjustments relating to any accrued performance fee.

Further, the Manager may arrange for a revaluation of Participating Shares of a Class if the Manager considers that the Subscription Price or Redemption Price calculated in relation to any Subscription Day or Redemption Day does not accurately reflect the true value of the Participating Shares.

If at any time during the period from the time as at which the Redemption Price is calculated and the time at which redemption moneys are converted out of any other currency into the relevant Class Currency (or other relevant currency) there is a devaluation or depreciation of that other currency, the amount payable to any redeeming Shareholder may be reduced as appropriate to take account of the effect of that devaluation or depreciation.

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## POTENTIAL CONFLICTS OF INTEREST

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The Directors, the Manager and other Service Providers may from time to time act as directors, administrator, registrar, secretary, manager, custodian, broker, prime broker, investment manager or investment adviser or carry out other functions 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 the Company or the Sub-Funds. It is, therefore, possible that any of them may, in the course of business, have actual or potential conflicts of interest with the Company or a Sub-Fund. Each will, at all times, have regard in such event to its obligations to the Company and the Sub-Funds and will endeavour to ensure that such conflicts are managed and minimised so far as reasonably practicable and that measures are adopted that seek to ensure such conflicts are resolved fairly, taking into account the interests of Shareholders of the Company or the relevant Sub-Fund as a whole. By acquiring Participating Shares, each Shareholder will be deemed to have acknowledged the existence of any such actual or potential conflicts of interest and to have waived any claim with respect to any liability arising from the existence of any such conflict of interest.

The following briefly summarizes some of these conflicts, but is not intended to be an exhaustive list of all such conflicts.

The Manager may also act as the investment manager or investment adviser of other funds, client accounts and proprietary accounts whose investment objectives, investment approach and investment restrictions are similar to those of the Company or the Sub-Funds. The Manager or any of its affiliates may invest in, directly or indirectly, or manage or advise other investment funds or accounts which invest in assets which may also be purchased or sold by the Company or a Sub-Fund. Neither the Manager nor any of its affiliates is under any obligation to offer investment opportunities of which any of them become aware to the Company or any Sub-Fund or to account to the Company or any Sub-Fund in respect of (or share with the Company or any Sub-Fund or to inform the Company or any Sub-Fund of) any such transactions or any benefit received by any of them from any such transaction, but will allocate appropriate investment opportunities on a fair and equitable basis between the Company, the Sub-Funds and other clients over time. Such opportunities will generally be allocated among those accounts for which participation in the respective opportunity is considered appropriate, taking into account, among other considerations (a) whether the risk-return profile of the proposed investment is consistent with the account's objectives; (b) the potential for the proposed investment to create an imbalance in the account's portfolio; (c) liquidity requirements; (d) potentially adverse tax consequences; (e) regulatory restrictions that would or could limit an account's ability to participate in a proposed investment; and (f) the need to re-size risk in the account's portfolio. Such considerations may result in allocations among one or more accounts on other than a *pari passu* basis. In certain circumstances, investment opportunities may be allocated solely to the client, fund or account with respect to which the opportunity has been generated.

The Manager and/or its affiliates may come into possession of material, non-public information, and such information may limit the ability of the Company or a Sub-Fund to buy and sell investments, even if such information was obtained in the context of the investment activities of other funds, client accounts or proprietary accounts. The Company and the Sub-Fund will not be free to act upon any such information and, as a result, may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

Each of the Manager and its affiliates reserve the right to co-invest on its own account or for other funds and/or other clients with the Company or a Sub-Fund, although any such co-investment must be made on terms no better than those on which the Company or the Sub-Fund is investing. The Manager and its affiliates may earn management fees or performance-based compensation (which may or may not be different than the fees and/or compensation charged with respect to the Company or the Sub-Fund) in respect of such co-investments. The Manager and its affiliates may, from time to time, offer one or more Shareholders the opportunity to co-invest with the Company or a Sub-Fund in particular investments, but are not obligated to arrange co-investment opportunities, and no Shareholder will be obligated to participate in such an

opportunity. The Manager or affiliate will have sole discretion as to the amount (if any) of a co-investment opportunity that will be allocated to a particular Shareholder. Each of the Manager and its affiliates may hold and deal in Participating Shares or in investments held by the Company or a Sub-Fund either for their own account or for the account of their clients.

In addition, subject to the paragraphs below relating to the Manager, any of the Manager and other Service Providers may deal, as principal or agent, with the Company or a Sub-Fund provided that such dealings are carried out in good faith and as if effected on normal commercial terms negotiated on an arm's length basis, and otherwise in accordance with any applicable regulatory requirements.

If provided for in the relevant Appendix, the Manager may undertake the sale or purchase of investments for the account of the Company or a Sub-Fund with those of other accounts managed by the Manager or its affiliates, including other Sub-Funds ("**cross trades**"). Cross trades between clients (including the Company and the Sub-Funds) will only be undertaken where the sale and purchase decisions are in the best interests of both clients and fall within the investment objective, restrictions and policies of both clients, the cross trades are executed on arm's length terms at current market value, and the reasons for such cross trades are documented prior to execution.

The Manager and its associates and delegates will not deal with the Company or a Sub-Fund as beneficial owner on the sale or purchase to or from the Company or a Sub-Fund, except on a basis approved by the Directors from time to time, or without the consent of the Directors, otherwise deal with the Company or a Sub-Fund as principal.

The Manager may enter into transactions for the account of the Company or a Sub-Fund with affiliated brokers or dealers, provided that such transactions are carried out on arm's length terms, consistent with best execution standards and at a commission rate no higher than customary institutional rates. The Company or a Sub-Fund may deposit funds with or borrow funds from the Manager or its affiliates, provided that (i) in the case of a deposit, interest is received at a rate not lower than the prevailing commercial rate for a deposit of that size and term, and (ii) in the case of a loan, interest charged and fees levied in connection with the loan are no higher than the prevailing commercial rate for a similar loan.

The Manager may share with any other person (including, but not limited to, any investor or any person introducing investors) any fees and other benefits to which it may be entitled from the Company or a Sub-Fund. The Manager and any person connected with it, including any employee of the Manager or its associated companies, may invest in the Company or a Sub-Fund, and the Manager may allow to any such person a reduction in the subscription charge (if any) and/or a rebate of any fees to which the Manager may be entitled from the Company or the Sub-Fund.

The Manager may be involved in pricing of the assets of the Sub-Funds and/or the calculation of the Net Asset Value. Since the value assigned to a Sub-Fund's assets and liabilities affects the management fee and performance fee payable to the Manager for the Sub-Fund, the Manager's involvement in the valuation process creates a potential conflict of interest.

The Company, the Manager may, in response to questions and requests and in connection with due diligence meetings and other communications, provide additional information to certain investors and prospective investors that is not distributed to other investors and prospective investors in the Company or a Sub-Fund. Such information may affect a prospective investor's decision to invest in the Company or a Sub-Fund or an existing investor's decision to stay invested in the Company or the Sub-Fund.



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## GENERAL INFORMATION

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### Material Contracts

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

- (a) an agreement entered into on or around the date hereof between the Company and the Manager pursuant to which the Manager was appointed, subject to the overall supervision of the Directors, to manage the investments and affairs of the Company and the Sub-Funds, with powers of delegation, as may be amended or supplemented from time to time;
- (b) an agreement entered into on or around the date hereof between the Company and the Administrator, pursuant to which the Administrator was appointed to act as the administrator, registrar and transfer agent of the Company and the Sub-Funds and to provide certain administrative services to the Company, as may be amended or supplemented from time to time; and
- (c) an agreement entered into on or around the date hereof between the Company and the Custodian pursuant to which the Custodian was appointed to act as custodian of the assets of the Company and the Sub-Funds other than assets held by any Prime Broker appointed in respect of a relevant Sub-Fund, as may be amended or supplemented from time to time.

Any additional contracts (not being contracts in the ordinary course of business) that the Company and/or the Manager have entered into for a specific Sub-Fund and that are, or may be, material will be set out in the relevant Appendix.

### Inspection of Documents

Copies of the following documents are available for inspection free of charge at any time during normal business hours on any day (excluding Saturdays, Sundays and public holidays) at the offices of the Manager and copies thereof may be obtained from the Manager at that address on payment of a reasonable fee (save for the annual report and audited accounts of the Company which are available free of charge):

- (a) the Instrument of Incorporation of the Company;
- (b) the agreements referred to above under the heading “*General Information - Material Contracts*” and in the Appendices (provided that certain of the agreements may be subject to confidentiality provisions and the contracting parties to such agreements may have the absolute discretion to withhold information which is in their opinion confidential to their business or otherwise not appropriate to disclose; in such circumstances, the Directors may be prevented from making such agreements available to Shareholders on request); and
- (c) annual reports and audited accounts of the Company

### Trade Errors

The Manager will seek to detect trade errors prior to settlement and promptly correct and mitigate any trade error losses. The Manager will evaluate each trade error. Any losses arising from the trade errors will generally be for the account of the relevant Sub-Fund. However, to the extent it is determined by the Manager that any losses have arisen from a trade error caused by the misconduct, fraud or bad faith of the Manager, the Sub-Fund will be reimbursed by the Manager. To the extent that a trade error is caused by a

counterparty of the Company or a Sub-Fund, such as a broker or agent, the Manager will use commercially reasonable efforts to seek to recover any related trade error losses from such counterparty on behalf of the Company or Sub-Fund. The Manager in its sole discretion may offset any trade error income with trade error losses.

### **Instrument of Incorporation**

The Company was incorporated pursuant to an Instrument of Incorporation filed with the Registrar of Companies on and effective as of 12 July 2021, with registration number OF16 and CE number BRH81.

The Instrument of Incorporation has been drafted in broad and flexible terms to allow the Directors the authority to, in their discretion, determine a number of issues including, where applicable, the period of notice to be given for subscriptions and redemptions and whether or not to impose subscription charges or redemption charges, generally or in any particular case. In approving the offering of Participating Shares on the terms set out in this Placing Memorandum and the Appendices, the Directors have exercised a number of these discretions in accordance with the Instrument of Incorporation.

The Instrument of Incorporation contains provisions for the indemnification of the Indemnified Persons and their exculpation from liability in certain circumstances. Any indemnity expressly given to an Indemnified Person in the Instrument of Incorporation is in addition to and without prejudice to any indemnity allowed by law. However, an Indemnified Person shall not be exempted from any liability in connection with such Indemnified Person's misconduct, nor may an Indemnified Person be indemnified against such liability by Shareholders or at Shareholders' expense. Shareholders and intending applicants are advised to consult the terms of the Instrument of Incorporation for further details.

The Instrument of Incorporation provides, inter alia, as follows.

#### Termination of a Class or Series

A Class or Series of Participating Shares may be terminated, subject to and in accordance with applicable laws and regulations, by the Directors in their absolute discretion:

- (a) if the Net Asset Value of the relevant Class or Series is less than US\$200,000 or its equivalent in the Base Currency of the relevant Class or Series;
- (b) if any law shall be passed which renders it illegal or in the opinion of the Directors impracticable or inadvisable to continue the relevant Class or Series;
- (c) if, in the opinion of the Directors, it is impracticable or inadvisable to continue the relevant Class or Series (including without limitation, a situation where it is no longer economically viable to operate the relevant Class or Series); or
- (d) in such other circumstances stated in the relevant Appendix.

The Directors shall give reasonable prior notice of the termination of the relevant Class or Series to Shareholders of the relevant Class or Series in such manner and with such content as is compliant with applicable laws and regulations, and by notice fix the date on which such termination is to take effect, which date shall be for such period after the service of such notice as the Directors shall reasonably determine.

In addition, a Class or Series may be terminated by a special resolution of the Shareholders of the relevant Class or Series. At least fourteen days' notice shall be given to the Shareholders of the relevant Class or Series in respect of a meeting of Shareholders where such special resolution will be tabled. If the special resolution is passed, termination of the relevant Class or Series shall take effect on such date or in such manner as is specified in the special resolution.

### Termination of a Sub-Fund

A Sub-Fund may be terminated, subject to and in accordance with applicable laws and regulations, by the Directors in their absolute discretion:

- (a) if the Net Asset Value of the Sub-Fund is less than US\$5,000,000 or its equivalent in the Base Currency of the Sub-Fund;
- (b) if any law shall be passed which renders it illegal or in the opinion of the Directors impracticable or inadvisable to continue the Sub-Fund;
- (c) if, in the opinion of the Directors, it is impracticable or inadvisable to continue the Sub-Fund (including without limitation, a situation where it is no longer economically viable to operate it);  
or
- (d) in such other circumstances stated in the relevant Appendix.

The Directors shall give reasonable prior notice of the termination of the relevant Sub-Fund to Shareholders of the relevant Sub-Fund in such manner and with such content as is compliant with applicable laws and regulations, and by notice fix the date on which such termination is to take effect, which date shall be for such period after the service of such notice as the Directors shall reasonably determine.

In addition, a Sub-Fund may be terminated by a special resolution of the Shareholders of the relevant Sub-Fund. At least fourteen days' notice shall be given to the Shareholders of the relevant Sub-Fund in respect of a meeting of Shareholders where such special resolution will be tabled. If the special resolution is passed, termination of the relevant Sub-Fund shall take effect on such date or in such manner as is specified in the special resolution.

A Sub-Fund may also be terminated pursuant to applicable laws and regulations.

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

### Termination of the Company

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

- (a) if the Net Asset Value of the Company is less than US\$10,000,000 or its equivalent in the Base Currency;
- (b) if any law shall be passed which renders it illegal or in the opinion of the Directors impracticable or inadvisable to continue the Company;
- (c) if, in the opinion of the Directors, it is impracticable or inadvisable to continue the Company (including without limitation, a situation where it is no longer economically viable to operate it);  
or

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

The Directors shall give reasonable prior notice of the termination of the Company to Shareholders in such manner and with such content as is compliant with applicable laws and regulations, and by notice fix the date on which such termination is to take effect, which date shall be for such period after the service of such notice as the Directors shall reasonably determine.

In addition, the Company may be terminated by a special resolution of holders entitled to vote, which under the Instrument of Incorporation shall include the Shareholders and the holders of Management Shares. At least fourteen days' notice shall be given to the Shareholders in respect of a meeting of Shareholders where such special resolution will be tabled. If the special resolution is passed, termination of the Company shall take effect on such date or in such manner as is specified in the special resolution.

The Company may also be terminated pursuant to applicable laws and regulations.

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

#### Meetings; Quorum; Voting Rights

The Directors may call general meetings of the Company. The Company does not intend to hold annual general meetings of Shareholders.

If the possibility exists of a conflict of interest between different Sub-Funds or different Classes or Series of Participating Shares in relation to any matter to be considered at a general meeting, separate meetings of the Sub-Funds or Classes or Series (as applicable) will be called, provided that where the interests of 2 or more Sub-Funds or 2 or more Classes or Series of Participating Shares in relation to the matter to be considered are the same, a combined meeting of such Sub-Funds or Classes or Series (as applicable) may be called. For the avoidance of doubt, a Class meeting, Series meeting or Sub-Fund meeting shall not be regarded as a general meeting of the Company.

At least two holders of Shares present in person or by proxy constitute a quorum at any general meeting of the Company.

Subject to any special terms as to voting upon which any Participating Shares in the Company may be issued or may for the time being be held, at any general meeting on a show of hands every holder of Shares who is present in person and entitled to vote shall have one vote and on a poll every holders of Shares entitled to vote who is present in person or by proxy shall have one vote (or the corresponding fraction of a vote) for every Participating Share (or fraction thereof) held by him. Except as to such matters specifically set out in the Instrument of Incorporation, and subject to laws and regulations, only Management Shares shall be entitled to vote and Participating Shares shall not be entitled to vote.

To be passed, resolutions (other than special resolutions) of the Company in general meeting require a simple majority of the votes cast at the meeting at which the resolution is proposed. A special resolution is a resolution which is passed by a majority of at least 75% of the votes validly cast (whether on a show of hands or on a poll) of such holders of Shares for the time being entitled to vote as may be present, in person or by proxy, at any general meeting of which notice specifying the intention to propose such resolution as a special resolution has been duly given or unanimously by written resolution.

Subject to the SFO and the Instrument of Incorporation, the Instrument of Incorporation may be altered or added to by special resolution.

#### Variation of Class Rights

Subject to applicable laws and regulations, the rights attached to Participating Shares of a Sub-Fund or of a Class or Series shall not be varied except with the sanction of a special resolution passed at meeting of the holders of Shares of the relevant Sub-Fund or Class or Series. In respect of such variation of rights attached to Participating Shares, holders of Participating Shares concerned shall be entitled to vote on and be counted in the quorum at a general meeting of the Company in accordance with the Instrument of Incorporation.

For the avoidance of doubt, any changes to any of the following terms or features of a Sub-Fund shall not require the sanction of a special resolution passed at meeting of the holders of Shares of the relevant Sub-Fund or Class or Series:

- (a) changes (including any increases) to the management fee, the performance fee, or any other fees or charges payable by or on behalf of the Sub-Fund or Shareholder made in accordance with this Placing Memorandum or the relevant Appendix;
- (b) changes to the dividend policy of the Sub-Fund or of any Class or Series;
- (c) changes to the investment objective, policy and/or restrictions of the Sub-Fund made in accordance with this Placing Memorandum or the relevant Appendix;
- (d) changes to the Base Currency of a Sub-Fund or the Class Currency of any Class made in accordance with this Placing Memorandum or the relevant Appendix; and
- (e) changes to the Subscription Day, Redemption Day, Valuation Day, Subscription Dealing Deadline and/or Redemption Dealing Deadline of the Sub-Fund or a Class or Series.

#### Directors

The Company shall have at least two Directors. At least one Director of the Company shall be an independent Director. For this purpose, a Director is independent if the Director is not a director or employee of the Custodian.

The Directors may at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, subject to the approval of the SFC and to applicable laws and regulations.

A Director ceases to hold office if he / she:

- (a) ceases to be a Director or is prohibited from being a Director under applicable regulatory requirements;
- (b) becomes bankrupt or makes any arrangement or composition with the person's creditors generally;
- (c) becomes a mentally incapacitated person;
- (d) resigns from the office of Director by notice in writing of the resignation of not less than 28 days, unless the other Directors agree a shorter notice period;
- (e) for more than 6 months has been absent without the Directors' permission from Directors' meetings held during that period;

- (f) upon the expiry of any period or notice period stated in an agreement for the provision of services between the Company and the Director or if such agreement is summarily terminated in accordance with its terms; or
- (g) is removed from the office of Director by an ordinary resolution of the holders who are entitled to vote.

Special notice in accordance with 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.

#### Directors' Interests

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

Where a Director is in any way (directly or indirectly) interested in a transaction, contract or arrangement with the Company that is significant in relation to the Company's business and the Director's interest is material:

- (a) The Director must declare the nature and extent of the Director's interest at a meeting of the Directors or by notice to the other Directors of the Company (i) for a proposed transaction, contract or arrangement, before the Company enters into the transaction, contract or arrangement, or (ii) for a transaction, contract or arrangement that the Company has entered into, as soon as reasonably practicable.
- (b) A Director must not vote or be counted in the quorum in respect of the transaction, contract or arrangement.

If a Director contravenes (b) above, the vote of the Director must not be counted, provided that this does not apply to:

- (1) an arrangement for giving a Director any security or indemnity in respect of money lent by the Director to or obligations undertaken by the Director for the benefit of the Company;
- (2) an arrangement for the Company to give any security to a third party in respect of a debt or obligation of the Company for which the Director has assumed responsibility wholly or in part under a guarantee or indemnity or by the deposit of a security;
- (3) an arrangement under which benefits are made available to employees and Directors or former employees and Directors of the Company or any of its subsidiaries, which do not provide special benefits for Directors or former Directors; or
- (4) an arrangement to subscribe for or underwrite Participating Shares and/or Management Shares.

Subject to applicable laws and regulations, the Company may by ordinary resolution ratify any transaction or act of a Director not duly authorized by reason of a contravention of the provision of the Instrument of Incorporation on conflicts of interest, provided that such ordinary resolution is passed with

the votes of interested members (being the Director, any connected person of the Director and a trustee holding shares in trust for the Director or for the connected person of the Director) disregarded.

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

### **Share Capital**

The share capital of the Company consists of 100 Management Shares of US\$1.00 each and an unlimited number of Participating Shares. The paid-up share capital of the Company is equal to its Net Asset Value.

The Management Shares may only be issued to the Manager or an associate of the Manager, and are issued for the purposes set out in the Instrument of Incorporation, including to enable all the Participating Shares to be redeemed without liquidating the Company.

50 Management Shares are held by each of the Directors, namely ZHANG Le and CHEN Yilun.

Save for the Management Shares, no share or loan capital of the Company has been issued or agreed conditionally or unconditionally to be issued or put under option.

Prospective investors should note that there are no provisions under the laws of Hong Kong or under the Instrument of Incorporation conferring pre-emption rights on Shareholders. Subject to applicable laws and regulations, the Instrument of Incorporation provides that the Directors may offer, allot, grant options over or otherwise dispose of Participating Shares to such persons, at such times, for such consideration and on such terms and conditions as the Directors may reasonably determine.

The Instrument of Incorporation provides that no person shall be recognised by the Company as holding any Share upon any trust and the Company shall not, unless required by law or as ordered by a court of competent jurisdiction, be bound by or be required in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any Share, or any fractional part of a Share or (except only as otherwise provided by the Instrument of Incorporation or as the applicable law requires) any other right in respect of any Share except an absolute right to the entirety thereof in each Shareholder registered in the register of Shareholders.

### **Transfer of Participating Shares**

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

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

Each instrument of transfer must relate to a single Class and (where applicable) Series of Participating Shares only.

The Directors may refuse to enter or cause to be entered the name of a transferee in the register of

members or recognise a transfer of any Participating Shares upon grounds set out in the Instrument of Incorporation, including if the transfer will result in (i) either the transferor or the transferee holding Participating Shares of less than such minimum holding amount as is prescribed by the Directors from time to time, or (ii) a contravention of any applicable laws or regulations or the Instrument of Incorporation, or would produce a result inconsistent with the provisions of this Placing Memorandum or the relevant Appendix. In such case, the transferor or transferee may request a statement of the reasons for the refusal and the instrument of transfer must be returned to the transferor or transferee who lodged it unless the Directors suspect that the proposed transfer may be fraudulent.

The Directors may suspend the registration of transfers for not more than a total of 30 days in any year. In the case of the death of any one of the joint Shareholders, the survivor or survivors will be the only person or persons recognised by the Company as having any title to the interest of the deceased joint Shareholder in the Participating Shares registered in the names of such joint Shareholders.

### **Restriction on Shareholders**

The Manager reserves the right to reject any application for Participating Shares in whole or in part for any reason. In particular, Participating Shares may not be offered or sold to any person other than a Qualified Holder. The Directors and the Manager each have the power to require the redemption or transfer of Participating Shares held by a person who is not a Qualified Holder, by any person who is holding Participating Shares in breach of any law or requirement of any country, governmental authority or stock exchange on which such Participating Shares are listed or by any person in circumstances which, in the opinion of the Directors or the Manager, might result in a Sub-Fund, the Company, the Directors, any Service Provider and/or any Shareholders (or any person connected with any of them) breaching any law or requirement of any country, any governmental authority of any stock exchange on which Participating Shares are listed or incurring any liability to taxation or requiring registration with any regulatory authority or suffering any other pecuniary disadvantage or would subject a Sub-Fund, the Company, the Directors, any Service Provider and/or any Shareholder (or any person connected with any of them) to any additional regulation which the Sub-Fund, the Company, the Directors, any Service Provider and/or any Shareholder (or any person connected with any of them) might not otherwise have incurred or suffered or been subject to.

### **Side Letters**

Subject to all applicable laws, the Company and/or the Manager or its associates may enter into side letter arrangements with investors granting an investor preferred economic and other terms as compared to other Shareholders. These may include, but are not limited to, rebates of fees and/or charges payable to the Manager or its associates, the reservation of capacity in a Sub-Fund, preferential rights of redemption, and the provision of additional liquidity, co-investment opportunities or additional information to the investor. The Manager or its associates may also agree to consult with or obtain prior approval from particular investors before taking certain actions.

Except as described in this Placing Memorandum or the relevant Appendix or as required by law, regulation or the Instrument of Incorporation, in general, neither the Company nor the Manager will be required to notify any or all of the other Shareholders of any such side letter arrangements or any of the rights and/or terms or provisions thereof, nor will the Company or the Manager be required to offer such additional and/or different rights and/or terms to any or all of the other Shareholders. As a result, Shareholders which have entered into side letter arrangements may be able to act on additional information (for example, to request redemptions) that other Shareholders do not receive. The other Shareholders will have no recourse against the Company, the Manager, and/or any of their affiliates in the event that certain Shareholders receive additional and/or different rights and/or terms as a result of such side letters.

Where the Company has granted preferential rights of redemption in relation to a Sub-Fund, the material terms relating to such preferential rights will be made available on request.



## **“Master-feeder” Structure**

A Sub-Fund may, in the future, be reorganized into a “master-feeder” fund structure. The Directors have discretion to determine that such reorganization shall be effected by:

- (a) investors being issued shares in a separate Hong Kong open-ended fund company or other collective investment scheme established under the laws of Hong Kong or another jurisdiction (the “**Feeder Fund**”) in compulsory exchange for their existing shares in the relevant , and the Feeder Fund being allocated shares in the relevant Sub-Fund (which would accordingly become the “Master Fund”);
- (b) the relevant Sub-Fund transferring all of its portfolio assets to a separate Hong Kong open-ended fund company or other collective investment scheme established under the laws of Hong Kong or another jurisdiction (the “**Master Fund**”), in exchange for the relevant Sub-Fund (which would accordingly become the “Feeder Fund”) being allocated shares in the Master Fund; or
- (c) any other means the Directors consider appropriate.

If the “master-feeder” fund structure were to proceed, investment activities would be carried out at the Master Fund level. However, the Master Fund would be managed by the same group of managers adopting the same investment strategies as the Feeder Fund.

## **Disclosure of Information to Regulatory and Tax Authorities**

Subject to applicable laws and regulations, the Company, the Service Providers or any of their delegates may be required to report or disclose to any government agency, regulatory authority or tax or fiscal authority in any jurisdiction (including but not limited to the IRD and the US IRS), certain information in relation to the Company, a Sub-Fund or any Shareholder, including but not limited to information relating to leverage, the assets and liabilities and securities financing transactions of the Company or a Sub-Fund, a Shareholder’s name, address, tax identification number (if any), social security number (if any) and certain information relating to the Shareholder’s holdings of Participating Shares, to enable the Company, the Service Providers or any of their delegates to comply with any applicable law or regulation or any agreement with a tax authority (including, but not limited to, any applicable law, regulation or agreement relating to AEOI or under FATCA).

## **Personal Data**

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

## **Amendment of Fund Documents**

This Placing Memorandum and the Appendices may, without the consent of and without prior notification to Shareholders, be amended, supplemented or otherwise modified at any time as determined by the Directors subject to any applicable restrictions on such amendment, supplementation or modification prescribed by applicable laws and regulations or as contained in this Placing Memorandum, the Appendices or the Instrument of Incorporation.

The Instrument of Incorporation may be amended (a) by a special resolution of the Shareholders and the holders of Management Shares, or (b) where the Directors certify in writing that the amendment (i) is necessary to make possible compliance with fiscal or other statutory, regulatory or official requirements, or (ii) does not materially prejudice the interests of holders of Shares, does not to any material extent release the Directors, the Manager, the Custodian or any other person from any liability to holders of Shares and does not increase the costs and charges payable from the assets of the Company (other than the costs and charges incurred in connection with amending the Instrument of Incorporation), or (iii) is made to correct a manifest error, and the Custodian has no objection to such amendment.

### **Enquiries**

Enquiries, complaints or requests for information concerning the Company, any Sub-Fund and the Participating Shares (including information concerning subscription and redemption procedures and current Net Asset Value) should be directed to the Manager in writing, at the address in the Directory above or by calling the Manager's hotline at (852) 3975 5173. The Manager will handle or channel to the relevant party any enquiries or complaints from Shareholders and will revert to the Shareholders accordingly.

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## APPENDIX

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### Summary of Liquidity Risk Management Policy

#### Liquidity Risk Management Process

##### Liquidity Risk Management Tools and Impact on the Company, the Sub-Funds and the Shareholders.

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

- Classification of the liquidity of a Sub-Fund's portfolio assets;
- Assessment, periodic review and management of a Sub-Fund's liquidity risk;
- Establishment of minimum liquid asset level;
- Risk management committee approval and review;
- Redemption delay/limit;
- Borrowing limit;
- Suspension of redemption;
- Stress testing; and
- Assessment of liquidity profiles of a Sub-Fund's liabilities.

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

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

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

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

*Redemption Delay/Limit:* Sub-Funds would implement and maintain appropriate practice to delay and/or limit redemptions to allow them to be proceeded in an orderly manner, such as imposing redemption gates of up to 10% of the total number of Participating Shares of the relevant Sub-Fund in issue.

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

*Suspension of Redemption:* Sub-Funds would suspend the redemption of Participating Shares of the Sub-Funds during any period in which the determination of the Net Asset Value of the Sub-Funds is suspended.

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

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