

GREENLANE OFFSHORE FEEDER FUND

A Cayman Islands Exempted Company Incorporated with Limited Liability

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

Relating to Series A Shares, Series B Shares and Series Z Shares

April 2021

Investment Manager

Greenlane Capital Limited

THE FEEDER FUND

Greenlane Offshore Feeder Fund

c/o Walkers Corporate Limited
190 Elgin Avenue, George Town
Grand Cayman KY1-9008
Cayman Islands

THE MASTER FUND

Greenlane Master Fund

c/o Walkers Corporate Limited
190 Elgin Avenue, George Town
Grand Cayman KY1-9008
Cayman Islands

DIRECTORS OF THE FEEDER FUND AND THE MASTER FUND

Joshua Mincher Barlow

Stacey-Ann Kirkconnell

Yue Li

INVESTMENT MANAGER

Greenlane Capital Limited

5/F, International Trade Tower
348 Kwun Tong Road
Kowloon
Hong Kong

PRIME BROKERS AND CUSTODIANS

Goldman Sachs International

Plumtree Court
25 Shoe Lane
London EC4A 4AU
United Kingdom

Morgan Stanley & Co. International plc.

25 Cabot Square
Canary Wharf
London E14 4QA
United Kingdom

ADMINISTRATOR

Morgan Stanley Fund Services (Cayman) Ltd.

c/o Morgan Stanley Fund Services (Ireland)
Limited
The Observatory
7-11 Sir John Rogerson's Quay
Dublin 2
Ireland

AUDITOR

PricewaterhouseCoopers Cayman Islands

P.O. Box 258, 18 Forum Lane
Camana Bay
Grand Cayman KY1-1104
Cayman Islands

LEGAL ADVISORS

International Counsel

Clifford Chance
27th Floor, Jardine House
One Connaught Place Central
Hong Kong

As to Cayman Islands law

Walkers (Hong Kong)
15th Floor, Alexandra House
18 Chater Road
Central
Hong Kong

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

Greenlane Offshore Feeder Fund (the "**Feeder Fund**", together with Greenlane Master Fund (the "**Master Fund**"), and any other feeder fund thereof, the "**Fund**") is a Cayman Islands exempted company incorporated with limited liability operating as a private investment fund.

This Confidential Private Placement Memorandum ("**Private Placement Memorandum**") relates to the issuance of Series A shares (the "**Series A Shares**"), Series B shares (the "**Series B Shares**") and Series Z shares (the "**Series Z Shares**") in the Feeder Fund. The Series A Shares, Series B Shares and Series Z Shares together with any other participating shares of par value US\$0.01 each issued from time to time in the Feeder Fund, are referred to as the "**Shares**".

Series Z Shares will only be issued to and may only be held by employees of the Investment Manager and its Affiliates, as well as trusts or other entities established for the benefit of such persons.

The Shares are not, and are not expected to be, liquid, except as described in this Private Placement Memorandum. There is no active secondary market for the Shares, and neither the Directors nor the Investment Manager (each as defined below) expect one to develop. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time because the Shares cannot be transferred or resold except as permitted under this Private Placement Memorandum, the Articles, the subscription agreement, the U.S. Securities Act of 1933, as amended (the "**Securities Act**") and any applicable state securities laws whether pursuant to registration or an exemption therefrom. Redemption rights may be suspended under the circumstances described in this Private Placement Memorandum.

No application has been made for the listing of the Shares on any stock exchange.

The Master Fund is not hereby offering any securities and accordingly this Private Placement Memorandum is not to be regarded as having been authorised or issued by the Master Fund. The Master Fund does not have an offering document or equivalent document.

The distribution of this Private Placement Memorandum and the offering of the Shares in certain jurisdictions may be restricted. Persons into whose possession this Private Placement Memorandum comes are required to inform themselves about and to observe any such restrictions.

No action has been or will be taken to permit a public offering of the Shares in any jurisdiction where action would be required for that purpose. This Private Placement Memorandum does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any Shares by anyone in any jurisdiction in which such an offer or solicitation is not authorised or may not lawfully be made (without compliance with any registration or other legal requirements) or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer in any jurisdiction. No Shares may be sold, directly or indirectly, and this Private Placement Memorandum may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction.

Prospective investors should read this Private Placement Memorandum carefully. However, no representations or warranties of any kind are intended or should be inferred with respect to the economic return or the tax consequences from an investment in the Fund. No assurance can be

given that existing laws will not be changed or interpreted adversely. Prospective investors are not to construe this Private Placement Memorandum as legal or tax advice. Each investor should consult its own counsel, tax adviser and accountant for advice concerning the various legal, tax and economic considerations relating to its investment. Each prospective investor is responsible for the fees of its own legal counsel, tax advisers, accountants and other advisers.

The Shares have not been registered or qualified under the securities laws of any state or jurisdiction and are being offered and sold only to the extent of, and in reliance on, exceptions and exemptions from the registration requirements of those laws. The Shares have neither been approved nor disapproved by any governmental or regulatory authority, including the U.S. Securities and Exchange Commission (the "**SEC**"), nor has any person or authority reviewed, recommended, registered, approved, disapproved or endorsed the merits of the offering or the accuracy or adequacy of this Private Placement Memorandum. Any representation to the contrary is a criminal offence. Neither the Feeder Fund nor the Master Fund is registered as an investment company or mutual fund under the laws of any jurisdiction other than the Cayman Islands and is therefore not supervised by any supervisory or regulatory body or subject to the rules or regulations of any such body other than the Cayman Islands Monetary Authority, which will not approve or disapprove the objectives or policies of the Fund, or its suitability as an investment for any person and the Fund will not be subject to supervision in respect of its investment activities or the constitution of the Fund's portfolio by the Cayman Islands Monetary Authority or any other governmental authority in the Cayman Islands.

While the Master Fund may trade swaps, commodity futures, options on futures, commodity options contracts and/or other instruments subject to the jurisdiction of the U.S. Commodity Futures Trading Commission ("**CFTC**") ("**Regulated CFTC Instruments**"), such investments are not intended to comprise a significant portion of the Master Fund's total investments. The Investment Manager intends to qualify for exemptions from registration requirements under the U.S. Commodity Exchange Act of 1936, as amended (the "**Commodity Exchange Act**") and the regulations promulgated thereunder (the "**CFTC Regulations**") applicable to a commodity pool operator ("**CPO**") and a commodity trading advisor ("**CTA**") and will file notices of exemption with the National Futures Association in accordance with the CPO exemption provided by CFTC Regulation 4.13(a)(3) and one or more exemptions from CTA registration, if required (the "**CFTC Registration Exemptions**"). The Investment Manager intends to qualify for the CFTC Registration Exemptions with respect to the Fund on the basis that (i) the Shares are exempt from registration under the Securities Act, and are not offered and sold through a public offering in the United States; (ii)(a) at all times the aggregate initial margin and premiums required to establish positions in the Regulated CFTC Instruments, determined at the time the most recent position was established, will not exceed 5% of the liquidation value of the Master Fund or (b) the aggregate net notional value of the Master Fund's positions in Regulated CFTC Instruments, determined at the time the most recent position was established, will not exceed 100% of the Master Fund's liquidation value; (iii) purchasers of the Shares will be generally limited to "accredited investors" as that term is defined in Rule 501 of Regulation D promulgated under the Securities Act, or "knowledgeable employees" as that term is defined in Rule 3c-5(a)(4) under the U.S. Investment Company Act of 1940, as amended (the "**1940 Act**"); and (iv) the Fund is not, and is not marketed as, a vehicle for trading in the commodity futures or commodity options markets.

Therefore, unlike a registered CPO, the Investment Manager is not required to provide to the investors a disclosure document or certified annual reports prepared in accordance with the relevant CFTC Regulations. The Feeder Fund does, however, intend to provide investors with

annual audited financial statements. In addition, the Investment Manager is not required to comply with the disclosure, reporting and recordkeeping requirements applicable to a registered CPO and CTA. Subject to any amendments to the Commodity Exchange Act or the CFTC Regulations, including the CFTC Registration Exemptions, the Investment Manager will seek to either comply with the Commodity Exchange Act and the CFTC Regulations without relying on any exemption or rely on other exemption(s) (as amended) to the Commodity Exchange Act and/or the CFTC Regulations (which may prevent the Fund from trading in Regulated CFTC Instruments in order to satisfy the condition(s) for the relevant exemption).

This Private Placement Memorandum has not been reviewed or approved by the CFTC.

No offering literature or advertising in any form shall be employed in the offering of the Shares other than this Private Placement Memorandum and the documents referred to herein. A prospective investor should not subscribe for Shares unless satisfied that the prospective investor and/or its investment representative has asked for and received all information which enables the prospective investor to evaluate the merits and risks of the proposed investment.

No person has been authorized in connection with this offering to give any information or make any representations other than as contained in this Private Placement Memorandum, and any representation or information not contained herein must not be relied upon as having been authorized by the Fund, the Directors, the Investment Manager or any of their respective Affiliates. Statements in this Private Placement Memorandum are made as of the date stated on the cover page, unless stated otherwise, and neither the delivery of this Private Placement Memorandum at any time, nor any offer or sale hereunder, shall under any circumstances create an implication that the information contained herein is correct as of any time subsequent to such date(s) or create any obligation to update this Private Placement Memorandum.

Notwithstanding anything in this Private Placement Memorandum to the contrary, each recipient of this Private Placement Memorandum (and any employee, representative or other agent thereof) may disclose to any and all persons, without limitation of any kind, the U.S. federal income tax treatment and tax structure of the Fund and any transactions undertaken by the Fund, it being understood and agreed, for this purpose, that (i) the name of, or any other identifying information regarding (a) the Fund or any existing or future investor (or any affiliate thereof) in the Fund, or (b) the identity of any investment or transaction entered into by the Fund; and (ii) any performance information relating to the Fund or their investments, do not constitute such tax treatment or tax structure information.

Neither the Fund nor the Directors nor the Investment Manager nor any of their respective Affiliates undertakes any obligations to provide the recipient with access to any additional information or to update this Private Placement Memorandum or any additional information or to correct any inaccuracies in this Private Placement Memorandum or any additional information which may become apparent.

Each of the Board of Directors and the Investment Manager reserves the right to reject for any reason any offer, in whole or in part, to subscribe for the Shares.

THERE ARE SIGNIFICANT RISKS ASSOCIATED WITH AN INVESTMENT IN THE FUND. AN INVESTMENT IN THE FUND MAY NOT BE SUITABLE FOR ALL INVESTORS. IT IS INTENDED ONLY FOR SOPHISTICATED INVESTORS WHO CAN ACCEPT THE RISKS ASSOCIATED WITH SUCH AN INVESTMENT, INCLUDING A SUBSTANTIAL OR COMPLETE LOSS OF THEIR INVESTMENT.

THERE CAN BE NO ASSURANCE THAT THE FUND WILL ACHIEVE ITS INVESTMENT OBJECTIVES. EACH PROSPECTIVE INVESTOR SHOULD REVIEW THIS PRIVATE PLACEMENT MEMORANDUM CAREFULLY AND CONSIDER THE RISKS BEFORE DECIDING TO INVEST. THE ATTENTION OF PROSPECTIVE INVESTORS IS DRAWN IN PARTICULAR TO SECTION 6 (*RISK FACTORS AND CONFLICTS OF INTEREST*).

Certain information contained in this Private Placement Memorandum constitutes "forward-looking statements", which can be identified by the use of forward-looking terminology such as "may", "will", "should", "expect", "anticipate", "project", "estimate", "intend", "continue", or "believe" or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, including those described in section 6 (*Risk Factors and Conflicts of Interest*), actual events or results or the actual performance of the Fund may differ materially from those reflected or contemplated in such forward-looking statements.

Minimum Interest Purchasable

Subject to such higher minimum as the Fund may determine, pursuant to the Mutual Funds Act (as amended) of the Cayman Islands ("**Mutual Funds Act**") the minimum aggregate equity interest purchasable by a prospective investor is eighty thousand Cayman Islands dollars (or its equivalent in any other currency, approximately US\$100,000).

SELLING RESTRICTIONS

General

No action has been taken which would permit a public offering of the Shares in any jurisdiction where action for that purpose would be required. This Private Placement Memorandum does not constitute an offer or solicitation in any jurisdiction in which such an offer or solicitation is not authorised, or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation. Any representation to the contrary is unlawful.

This Private Placement Memorandum has been sent to prospective investors at their request. This Private Placement Memorandum is personal and confidential and may not be distributed to anyone, or in any jurisdiction, that would make such distribution unlawful. Each person receiving this Private Placement Memorandum hereby agrees to return it promptly upon request. This Private Placement Memorandum does not constitute either a commitment to offer the Shares, or advice or a recommendation to make a purchase of Shares.

Australia

The offer of the Shares is only made in circumstances under which no disclosure is required under Chapter 6D of the Corporations Act 2001 (Cth) ("**Corporations Act**"). Nothing in this Private Placement Memorandum is, or purports to be, an offer to a person to whom disclosure would be required under Chapter 6D of the Corporations Act.

If the Shares are to be on sold to investors in Australia within 12 months of the issue of the Shares, they may only be on sold to investors in Australia in circumstances where disclosure is not required under Chapter 6D of the Corporations Act.

This Private Placement Memorandum is not a disclosure document or a product disclosure statement for the purposes of the Corporations Act. This Private Placement Memorandum has not been and will not be lodged with the Australian Securities and Investments Commission ("**ASIC**") and does not contain all the information that a disclosure document or a product disclosure statement is required to contain. The distribution of this Private Placement Memorandum in Australia has not been authorised by ASIC or any other regulatory authority in Australia. In addition, the Fund is not a registered scheme, as defined in the Corporations Act.

This Private Placement Memorandum is provided for general information purposes only and is not intended to constitute, and does not constitute, the provision of any financial product advice or recommendation and must not be relied upon as such. This Private Placement Memorandum is not intended to influence a person in making a decision in relation to a particular financial product or class of financial products, or an interest in a particular financial product or class of financial products. The Investment Manager is not licensed to provide financial product advice in Australia.

This Private Placement Memorandum has been prepared without taking account of your objectives, financial situation or needs and you should obtain independent professional financial advice that considers your circumstances before making any financial or investment decisions.

There is no cooling off regime that applies in relation to the acquisition of any Share in Australia.

Canada - Provinces of British Columbia, Ontario and Quebec

This Private Placement Memorandum constitutes an offering of the Shares only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale, and therein only by persons permitted to sell such Shares. The Fund has not filed a prospectus with any securities commission or similar authority in Canada with respect to the Shares and accordingly, the Shares are not qualified for sale in Canada and may not be offered or sold directly or indirectly in Canada except pursuant to an exemption from the prospectus requirements of Canadian securities laws. The offering of Shares in Canada is being made solely by way of this Private Placement Memorandum and no person has been authorized to give any information or to make any representation other than those contained in this Private Placement Memorandum. No securities commission or similar authority in Canada has reviewed or in any way passed upon this document or the merits of the Shares, and any representation to the contrary is an offence.

This Private Placement Memorandum is not, and under no circumstances is to be construed as, an advertisement or a public offering of the Shares in Canada. The information contained in this Private Placement Memorandum is furnished on a confidential basis to prospective investors solely to enable prospective investors to evaluate the Shares. By accepting delivery of this Private Placement Memorandum, prospective investors agree that they will not transmit, reproduce or otherwise make this Private Placement Memorandum, or any information contained in it, available to any other person (other than those persons, if any, retained by a prospective purchaser to advise such prospective purchaser with respect to the Shares) without the prior written consent of the Fund.

All dollar amounts in this Private Placement Memorandum are expressed in U.S. dollars unless otherwise specified. Fluctuations in the exchange rate between the U.S. dollar and the Canadian dollar will affect the Canadian dollar equivalent of the offering price of the Shares and the financial information contained herein. In addition, the financial information contained herein has not been prepared in accordance with Canadian generally accepted accounting principles.

Purchasers' Representations, Acknowledgements and Covenants

By placing an order to purchase Shares, each purchaser of Shares in Canada represents to the Fund, the Board of Directors and any dealer, if any, with whom such order was placed that:

- (a) the purchaser is a resident of the Province of British Columbia, Ontario or Quebec, and is basing its investment decision solely on this Private Placement Memorandum;
- (b) to the knowledge of such purchaser, the offer and sale of the Shares were made exclusively through the Private Placement Memorandum and were not accompanied by any advertisement of the Shares in printed media of general and regular paid circulation, radio, television or telecommunications, including electronic display, or any other form of advertising in Canada;
- (c) such purchaser has reviewed and acknowledges and agrees with the terms referred to below under "Resale Restrictions";

- (d) where required by law, such purchaser is purchasing as principal, or is deemed to be purchasing as principal in accordance with applicable securities laws of the jurisdiction in which such purchaser is resident, for its own account and not as agent for the benefit of another investor, and is purchasing for investment only and not with a view to resale or distribution;
- (e) such purchaser or any ultimate purchaser for which such purchaser is acting as agent is entitled under applicable securities laws in the relevant jurisdictions to purchase such Shares without the benefit of a prospectus qualified under such securities laws; and without limiting the generality of the foregoing, the purchaser (a) is an "accredited investor" as defined in section 1.1 of National Instrument 45-106 Prospectus and Registration Exemptions ("**NI 45-106**"), (b) is purchasing the Shares from a dealer that is registered in the applicable jurisdiction as an "investment dealer" or "exempt market dealer" within the meaning of subsection 7.1(2)(a) and 7.1(2)(d) of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations ("**NI 31-103**"), or is also a "permitted client" as defined in section 1.1 of NI 31-103 and is purchasing the Shares from a dealer permitted to rely in the applicable jurisdiction on the "international dealer exemption" contained in section 8.18 of NI 31-103 and (c), in the case of a purchaser that is a resident of Ontario or Québec, is a "permitted client" as defined in section 1.1 of NI 31-103, as modified by section 1 of Multilateral Instrument 32-102 Registration Exemptions for Non-Resident Investment Fund Managers; and
- (f) such purchaser is not a person created or used solely to purchase or hold securities as an "accredited investor" as described in paragraph (m) of the definition of "accredited investor" in section 1.1 of NI 45-106.

In addition, each resident of Ontario that purchases Shares will be deemed to have represented to the Fund, the Board of Directors and any dealer, if any, with whom such order was placed that such purchaser:

- (a) has been notified by the Fund:
 - (i) that the Fund may be required to provide certain personal information pertaining to the purchaser as required to be disclosed in Schedule 1 of Form 45-106F1 under NI 45-106 (including its name, address, telephone number and the value of any Shares purchased) ("personal information"), which Form 45-106F1 may be required to be filed by the Fund under NI 45-106;
 - (ii) that such personal information may be delivered to the Ontario Securities Commission (the "**OSC**") in accordance with NI 45-106;
 - (iii) that such personal information is collected indirectly by the OSC under the authority granted to it under the securities legislation of Ontario;
 - (iv) that such personal information is collected for the purposes of the administration and enforcement of the securities legislation of Ontario; and
 - (v) that the public official in Ontario who can answer questions about the OSC's indirect collection of such personal information is the Administrative Assistant

to the Director of Corporate Finance at the OSC, Suite 1903, Box 55, 20 Queen Street West, Toronto, Ontario M5H 3S8, Telephone: (416) 593-8086; and

(b) has authorized the indirect collection of the personal information by the OSC.

Furthermore, each Canadian purchaser that purchases Shares hereby acknowledges to the Fund, the Board of Directors and any dealer, if any, with whom such order was placed that the purchaser's full name, residential address and telephone number, and other specific information, including the type of Shares purchased and the total purchase price paid for the Shares, may be disclosed to securities regulatory authorities and other agencies in the relevant jurisdictions and may become available to the public in accordance with the requirements of applicable Canadian laws. By purchasing Shares, each Canadian purchaser consents to the disclosure of such information for such purpose.

Resale Restrictions

The distribution of Shares in Canada is being made on a private placement basis only and is exempt from the requirement that the Fund prepare and file a prospectus with the relevant Canadian securities regulatory authorities. Accordingly, any resale of the Shares must be made in accordance with applicable securities laws which may vary depending on the relevant jurisdiction, and which may require resales to be made in accordance with exemptions from registration and prospectus requirements. The Fund and the Board of Directors are not in any manner responsible for ensuring compliance by purchasers with any resale restrictions. Purchasers are advised to seek legal advice prior to any resale of the Shares. Additionally, the Shares are subject to restrictions on transfers and resale, the whole as more fully described in this Private Placement Memorandum.

The Fund is not a "reporting issuer," as such term is defined under applicable Canadian securities legislation, in any province or territory of Canada. Canadian investors are advised that the Fund currently does not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Shares to the public in any province or territory of Canada.

Enforcement of Legal Rights

The Feeder Fund and the Master Fund are Cayman Islands exempted companies incorporated with limited liability. All or substantially all of their respective shareholders, officers, members, partners, principals, employees and agents, as the case may be, are located outside of Canada and, as a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon them. All or a substantial portion of the assets of the Fund, the Investment Manager and such entities or persons are located outside of Canada. As a result, Canadian purchasers may have difficulty enforcing any legal rights they may have against these and any such other entities and persons.

In addition, the laws of the jurisdiction in which the books, records and other documents are located in respect of the Fund may prevent the production of such books and records in Canada.

Statutory Rights of Action

Securities legislation in certain of the Canadian jurisdictions provides persons who purchase Shares pursuant to this Private Placement Memorandum with a remedy for damages or

rescission, or both, in addition to any other rights they may have at law, where this Private Placement Memorandum and any amendment to it contains a "misrepresentation", as defined in the applicable securities legislation. A "misrepresentation" is generally defined under applicable provincial securities laws to mean an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in light of the circumstances in which it was made. These remedies, or notice with respect thereto, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed by the applicable securities legislation.

Ontario

Section 130.1 of the Securities Act (Ontario) provides that every purchaser of securities pursuant to an offering memorandum (such as this Private Placement Memorandum) shall have a statutory right of action for damages or rescission against the issuer in the event that the offering memorandum contains a misrepresentation. A purchaser who purchases securities offered by an offering memorandum during the period of distribution has, without regard to whether the purchaser relied upon the misrepresentation, a right of action for damages or, alternatively, while still the owner of the securities, for rescission against the issuer, provided that:

- (a) if the purchaser exercises its right of rescission, it shall cease to have a right of action for damages against the issuer;
- (b) the issuer will not be liable if it proves that the purchaser purchased the securities with knowledge of the misrepresentation;
- (c) the issuer will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon; and
- (d) in no case shall the amount recoverable exceed the price at which the securities were offered.

Section 138 of the Securities Act (Ontario) provides that no action shall be commenced to enforce these rights more than:

- (a) in the case of an action for rescission, 180 days from the day of the transaction that gave rise to the cause of action; or
- (b) in the case of an action for damages, the earlier of:
 - (i) 180 days from the day that the purchaser first had knowledge of the facts giving rise to the cause of action; or
 - (ii) three years from the day of the transaction that gave rise to the cause of action.

This Private Placement Memorandum is being delivered in reliance on the exemption from the prospectus requirements contained under Section 2.3 of NI 45-106 (the "**accredited investor**" exemption). The rights referred to in section 130.1 of the Securities Act (Ontario) do not apply in respect of an offering memorandum (such as this Private Placement Memorandum) delivered to a prospective purchaser in connection with a distribution made in reliance on the "accredited investor" exemption if the prospective purchaser is:

- (a) a Canadian financial institution or a Schedule III bank;
- (b) the Business Development Bank of Canada incorporated under the Business Development Bank of Canada Act (Canada); or
- (c) a subsidiary of any person referred to in paragraphs (a) and (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

Certain Canadian Income Tax Considerations

This Private Placement Memorandum does not provide a description of the tax considerations that may be relevant to a decision to purchase Shares. Canadian investors should consult their own legal and tax advisers with respect to the tax consequences of acquiring, holding and disposing of Shares in their particular circumstances, including with respect to: (i) the eligibility of the Shares for investment by the investor under relevant Canadian legislation and regulations and (ii) the application of the "Offshore Investment Fund Property" rules of the Income Tax Act (Canada) which may result in a requirement to recognize income for tax purposes irrespective of whether cash distribution or proceeds of disposition have been received. Draft legislation with respect to the implementation of certain technical amendments to the Income Tax Act (Canada), Excise Tax Act (Canada) and related legislation issued in October 2012 by the Department of Finance (Canada) proposes some amendments to said rules which would generally apply for taxation years ending after 4 March 2010 if enacted. No assurances can be given that these rules will be enacted as proposed and any amendments thereto could result in unforeseen tax consequences.

Advisers to the Fund

The advisers to the Fund, including the Investment Manager and its respective shareholders, directors, officers, principals, employees and agents, as the case may be, are not registered with or licensed by any securities regulatory authority in Canada under applicable securities, commodity futures or derivatives legislation and, accordingly, the protections available to clients of a registered adviser will not be available to Canadian purchasers of Shares in the relevant Canadian Jurisdictions.

Language of documents

Upon receipt of this Private Placement Memorandum, each Canadian investor hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the securities described in this Private Placement Memorandum (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.

Cayman Islands

No offer or invitation to subscribe for Shares may be made to the public in the Cayman Islands and this Private Placement Memorandum does not constitute an offer or invitation to the public in the Cayman Islands to subscribe for Shares.

A mutual fund licence issued or a fund registered by the Cayman Islands Monetary Authority does not constitute an obligation of the Cayman Islands Monetary Authority to any investor as to the performance or creditworthiness of the fund.

Furthermore, in issuing such a licence or in registering a fund, the Cayman Islands Monetary Authority shall not be liable for any losses or default of the fund or for the correctness of any opinions or statements expressed in any prospectus or offering document.

European Union

Each member state of the European Union is adopting or has adopted legislation implementing the Alternative Investment Fund Managers Directive (the "**AIFM Directive**") into national law. Under the AIFM Directive, marketing to any investor domiciled or with a registered office in the European Union will be restricted by such laws and no such marketing shall take place except as permitted by such laws.

Marketing for the purposes of the AIFM Directive by the Investment Manager will only take place to an investor domiciled or with a registered office in a European Union jurisdiction if the Investment Manager is appropriately registered (as required) under the AIFM Directive for such marketing in that jurisdiction, or investment by the investor is on a reverse-enquiry basis.

Finland

Shares in the Fund may not be offered or sold, or this Private Placement Memorandum be distributed, directly or indirectly, to any resident of the Republic of Finland or in the Republic of Finland, except pursuant to applicable Finnish laws and regulations. Specifically, Shares in the Fund may only be acquired for a consideration of not less than 50,000 Euro per investor, and Shares of the Fund may not be offered or sold, or this Private Placement Memorandum be distributed, directly or indirectly, to any resident of the Republic of Finland or in the Republic of Finland, other than to professional investors, as defined under the Finnish Investment Funds Act of 1999 and the Finnish Securities Market Act of 1989.

Hong Kong

This Private Placement Memorandum has not been delivered for registration to the Registrar of Companies in Hong Kong and its contents have not been reviewed by any regulatory authority in Hong Kong. The Fund has not been authorized by the Hong Kong Securities and Futures Commission. Accordingly: (i) the Shares may not be offered or sold in Hong Kong by means of any document other than to persons that are considered "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "**SFO**") and any rules made thereunder or in other circumstances which do not result in such document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) (the "**CWUMPO**") or which do not constitute an offer to the public within the meaning of the CWUMPO and as permitted under the SFO; and (ii) no person may issue, or have in its possession for the purpose of issue, any invitation, advertisement or other document relating to the Shares whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors".

WARNING: The content of this Private Placement Memorandum has not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offering. If you are in any doubt about any content of this Private Placement Memorandum, you should obtain independent professional advice.

Japan

The Shares have not been and will not be registered in Japan pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**FIEA**") in reliance upon the exemption from the registration requirements since the offering constitutes:

- (a) a small number private placement as provided for in "*ha*" of Article 2, Paragraph 3, Item 2 of the FIEA; or
- (b) a private placement to qualified institutional investors only as provided for in "*i*" of Article 2, Paragraph 3, Item 2 of the FIEA, and on the basis that a transferor of the Shares shall not transfer or resell them except where a transferee is a qualified institutional investor under Article 10 of the Cabinet Office Ordinance concerning Definitions provided in Article 2 of the Financial Instruments and Exchange Act of Japan (the Ministry of Finance Ordinance No. 14 of 1993, as amended).

Netherlands

Shares in the Fund may not be offered, sold, transferred or delivered in or from the Netherlands, as part of their initial distribution, or at any time thereafter, directly or indirectly, other than:

- (a) to individuals or legal entities who or which deal or invest in investment objects in the pursuit of their occupation or business within the meaning of section 1 of the regulations in implementation of section 14 of the Investment Institutions Supervision Act (Uitvoeringsregelingen ex artikel 14 Wet toezicht beleggingsinstellingen);
- (b) to fewer than 100 individuals or legal entities within the Netherlands;
- (c) for a total consideration of at least US\$1,000,000 per investor; or
- (d) in circumstances where another exemption or dispensation from the prohibition of section 4 subsections 1 and 2 of the Investment Institutions Act (Wet toezicht beleggingsinstellingen) applies.

New Zealand

This Private Placement Memorandum is not a registered prospectus or an investment statement for the purposes of the Securities Act 1978 of New Zealand ("**NZ Securities Act**") (or any statutory modification or re-enactment of, or statutory substitution for, the NZ Securities Act) and does not contain all the information typically included in a registered prospectus or investment statement.

The Fund does not intend that the Shares be offered for sale or subscription to the public in New Zealand in terms of the NZ Securities Act (or any statutory modification or re-enactment of, or statutory substitution for, the NZ Securities Act). The Shares have not been and may not be offered or sold to any person in New Zealand other than to persons whose principal business

is the investment of money or to persons who, in the course of and for the purposes of their business, habitually invest money within the meaning of section 3(2)(a)(ii) of the NZ Securities Act or in other circumstances where there is no contravention of the NZ Securities Act.

People's Republic of China

The Shares may not be offered or sold directly or indirectly within the People's Republic of China (which, for such purposes, does not include the Hong Kong or Macau Special Administrative Regions or Taiwan) (the "**PRC**"). This Private Placement Memorandum or any information contained or incorporated by reference herein relating to the Shares does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC. This Private Placement Memorandum, any information contained in this Private Placement Memorandum or the Shares have not been, and will not be, submitted to, approved by, verified by or registered with any relevant governmental authorities in the PRC and thus may not be supplied to the public in the PRC or used in connection with any offer for the subscription or sale of the Shares in the PRC. The Shares may only be offered or sold to PRC investors that are authorised to engage in the purchase of the Shares of the type being offered or sold.

Investors are responsible for obtaining all relevant governmental approvals, verifications, licences or registrations (if any) from all relevant PRC governmental authorities, including, but not limited to, the State Administration of Foreign Exchange, the China Securities Regulatory Commission, the China Banking Regulatory Commission, the Ministry of Commerce, the National Development and Reform Commission and other relevant regulatory bodies, and complying with all relevant PRC regulations, including, but not limited to, any relevant foreign exchange regulations (e.g. regulations on round trip investments) and/or overseas investment regulations.

Singapore

This Private Placement Memorandum is confidential. It is addressed solely to and is for the exclusive use of the person to whom it is given. The Fund is not authorised or recognised by the Monetary Authority of Singapore (the "**MAS**") and is not allowed to be offered to the Singapore retail public. This Private Placement Memorandum is not a prospectus as defined in the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**") and accordingly, statutory liability under the SFA in relation to the content of prospectuses would not apply and the offeree should consider carefully whether the investment is suitable for him or her.

This Private Placement Memorandum has not been registered as a prospectus by the MAS, and the offer of the Shares is made pursuant to the exemptions under Sections 304 and 305 of the SFA. Accordingly, the Shares may not be offered or sold, nor may the Shares be the subject of an invitation for subscription or purchase, nor may this Private Placement Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Shares be circulated or distributed, whether directly or indirectly, to any person in Singapore other than under exemptions provided in the SFA for offers made (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 304 of the SFA, (b) to a relevant person (as defined in Section 305(5) of the SFA), or any person pursuant to an offer referred to in Section 305(2) of the SFA, and in accordance with the conditions specified in Section 305 of the SFA or (c) otherwise pursuant to, and in accordance with, the conditions of any other applicable provision of the SFA.

Where the Shares are acquired by persons who are relevant persons specified in Section 305A of the SFA, namely:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

the shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Shares pursuant to an offer made under Section 305 of the SFA except:

- (a) to an institutional investor or to a relevant person as defined in Section 305(5) of the SFA, or which arises from an offer referred to in Section 275(1A) of the SFA (in the case of that corporation) or which arises from an offer that is made on terms that such rights or interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets (in the case of that trust);
- (b) where no consideration is or will be given for the transfer;
- (c) where the transfer is by operation of law; or
- (d) as specified in Section 305A(5) of the SFA.

Sweden

This Private Placement Memorandum has not been and will not be registered with or approved by *Finansinspektionen* (the Swedish Financial Supervisory Authority) and the Fund is not under supervision by *Finansinspektionen*. Accordingly, this Private Placement Memorandum may not be made available, nor may the Shares of the Fund offered hereunder be marketed and offered for sale in Sweden, other than under circumstances which are deemed neither to be an offer to the public in Sweden under the Investment Funds Act (2004:46) nor to require a prospectus under the Swedish Financial Instruments Trading Act (1991:980). This offering will only be made to fewer than 100 identified institutional investors in Sweden.

Switzerland

The offer and marketing of the Shares in Switzerland will be exclusively made to, and directed at, qualified investors (the "**Qualified Investors**"), as defined in Article 10(3)(a) and (b) of the Swiss Collective Investment Schemes Act of 23 June 2006 ("**CISA**"), as amended in conjunction with Art. 4(4) of the Swiss Federal Law on Financial Services ("**FinSA**"), i.e. institutional clients, at the exclusion of professional clients who opted-out pursuant to Art. 5(3) FinSA ("**Excluded Qualified Investors**"). Accordingly, the Fund has not been and will not be registered with the Swiss Financial Market Supervisory Authority and no representative or paying agent have been or will be appointed in Switzerland. This Private Placement Memorandum and/or any other offering materials relating to the Shares may be made available in Switzerland solely to Qualified Investors, at the exclusion of Excluded Qualified Investors.

United Kingdom

This Private Placement Memorandum constitutes a financial promotion pursuant to Section 21 of the Financial Services and Markets Act 2000.

This Private Placement Memorandum is only addressed to persons in relation to whom exemptions under the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**") apply, namely (i) persons falling within any of the categories of "Investment Professionals" as defined in article 19(5) of the Order, (ii) persons falling within any of the categories of persons described in article 49(2) of the Order, (iii) persons falling within the categories of "certified high net worth individual" described in article 48(2) of the Order and "self-certified sophisticated investor" described in article 50A(1) of the Order and (iv) any person to whom it may otherwise lawfully be made (all such persons together referred to as "**Relevant Persons**"). No person, other than Relevant Persons, may act on this Private Placement Memorandum and any investment or investment activity to which this Private Placement Memorandum relates is available only to Relevant Persons and will be engaged in only with such Relevant Persons. Persons of any other description in the United Kingdom may not receive and should not act or rely on this Private Placement Memorandum or any other marketing materials relating to the Fund.

United States

The offer and sale of the Shares have not been and will not be registered under the Securities Act, or any other securities laws of the United States including state securities or "blue sky" laws. The Shares will be offered and sold to U.S. Persons (as such term is defined in Rule 902 of Regulation S under the Securities Act) or within the United States for investment purposes only under the exemption from registration provided by Section 4(a)(2) of the Securities Act and/or Regulation D promulgated thereunder and in compliance with the applicable securities laws of each state or other jurisdiction in which the offering will be made. Each prospective investor that is within the United States or a U.S. Person (as such term is defined in Rule 902 of Regulation S promulgated under the Securities Act) must be both (i) an "accredited investor" as defined in Rule 501(a) of Regulation D promulgated under the Securities Act and (ii) (A) a "qualified purchaser" as the term is defined under Section 2(a)(51) of the 1940 Act or (B) a "knowledgeable employee" as the term is defined in Rule 3c-5(a)(4) promulgated under the 1940 Act.

The Fund has not been and will not be registered as an investment company under the 1940 Act, in reliance on one or more exclusions or exemptions thereunder, and therefore the Fund will not be subject to the provisions of the 1940 Act designed to protect registered investment company shareholders. The Feeder Fund reserves the right to require the transfer or redemption of shares held by any person for any reason, including circumstances that may prejudice the tax status of the Feeder Fund, may cause the Feeder Fund to be in violation of the Securities Act, the 1940 Act or any applicable state securities act or may cause the Feeder Fund to suffer any pecuniary, fiscal or administrative disadvantage which may be unlawful or detrimental to the interests or well being of the Feeder Fund.

Outside of the United States, the Shares are being offered to non-U.S. Persons in reliance on Regulation S promulgated under the Securities Act. The Shares are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act, the 1940 Act and the applicable state and other securities laws, pursuant to registration or exemption therefrom. The transferability of Shares will be further restricted by

the terms of the Fund, and any re-offer or resale of any of the Shares in the United States or to U.S. Persons may constitute a violation of U.S. law. Each investor in the Fund will be required to make customary private placement representations, including that such investor is acquiring the Shares for its own account for investment and not with a view to resale or distribution. Prospective purchasers should be aware that they may be required to bear the financial risks of any investment in the Fund for an indefinite period of time, because the Shares cannot be transferred or resold except as permitted under the Securities Act, the 1940 Act and any applicable state securities laws, pursuant to registration or an exemption therefrom. The Fund reserves the right to refuse to accept any subscriptions, resales or other transfers (or otherwise require the redemption of) of Shares to U.S. Persons or to any person, including on the basis that doing so would risk the Fund's loss of an exemption under U.S. securities laws (*e.g.*, the Securities Act and 1940 Act).

The Shares have not been recommended, approved or disapproved by any U.S. federal or state securities commission or regulatory authority, nor has any such authority or commission commented upon the accuracy or adequacy of this Private Placement Memorandum. Any representation to the contrary is a criminal offense.

The Investment Manager is not registered as an investment adviser with the SEC under the U.S. Investment Advisers Act of 1940, as amended (the "**Advisers Act**") and the rules and regulations thereunder, nor is any such registration contemplated. Accordingly, the protections of such registration will not be available to the Fund or any Fund investor.

Notwithstanding anything to the contrary contained in this Private Placement Memorandum and the Fund's subscription agreements, all persons may disclose to any and all persons, without limitations of any kind, the U.S. federal, state and local income tax treatment of the Shares, any fact that may be relevant to understanding the U.S. federal, state and local income tax treatment of the Shares, and all materials of any kind (including opinions or other tax analyses) relating to such U.S. federal, state and local income tax treatment, other than the name of the parties or any other person named in this Private Placement Memorandum, or information that would permit identification of the parties or such other persons, and any pricing terms or other non-public business or financial information that is unrelated to the U.S. federal, state or local income tax treatment of the Shares and is not relevant to understanding the U.S. federal, state or local income tax treatment of the Fund.

"Blue Sky" Matters

Under Section 18(a) of the Securities Act and/or exemptions under various state securities or "blue sky" laws available in connection with the offer and sale of securities to certain investors, the Shares will not be registered under state securities laws.

United States – Florida

The Shares have not been registered with the Florida Division of Securities. The Florida Securities and Investor Protection Act provides that where sales are made to five or more persons in Florida, any sale made pursuant to Subsection 517.061(11) of the Florida Securities and Investor Protection Act shall be voidable by such Florida purchaser either within three days after the first tender of consideration is made by such purchaser to the issuer, an agent of the issuer, or within three days after the availability of that privilege is communicated to such purchaser, whichever occurs later.

Investors in Other U.S. States

In making any investment decision, investors must rely on their own examination of the Fund and the terms of the offering, including the merits and risks involved. The Shares have not been recommended by, or registered with, any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Private Placement Memorandum or any other information provided or made available to investors. Any representation to the contrary is a criminal offense.

The Shares are subject to restrictions on transferability and resale and may not be transferred to or resold except as permitted (i) under the Securities Act and the applicable state securities laws, pursuant to registration or exemption therefrom and (ii) by the terms and conditions of this Private Placement Memorandum, the Articles and the Application Form. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

TABLE OF CONTENTS

1.	Executive Summary	21
2.	Definitions	23
3.	Principal Terms of the Fund	32
4.	Structure of the Fund	53
5.	Investment Program	55
6.	Risk Factors and Conflicts of Interest	56
7.	Corporate Governance	99
8.	Other Service Providers	102
9.	Capital Structure of the Fund	108
10.	Offering and Transfers of Shares	112
11.	Redemption of Shares	116
12.	Valuation	120
13.	Fees and Expenses	124
14.	Reports and Notifications	126
15.	Tax Aspects	127
16.	ERISA Matters	142
17.	Regulatory and Other Matters	147
18.	Legal Counsel	156

1. EXECUTIVE SUMMARY

The Fund

Greenlane Offshore Feeder Fund (the "**Feeder Fund**") is an exempted company incorporated with limited liability in the Cayman Islands.

The Feeder Fund has been formed for the benefit of non-U.S. investors, U.S. tax-exempt and other Eligible Investors. It invests all of its assets into Greenlane Master Fund (the "**Master Fund**"), an exempted company with limited liability incorporated in the Cayman Islands. Neither the Feeder Fund nor the Master Fund will be registered as an "investment company" in reliance on one or more exclusions or exemptions under the 1940 Act.

The Board of Directors or the Investment Manager may, in the future, establish an additional feeder fund for the benefit of taxable U.S. investors, which will also invest all of its assets into the Master Fund, and other feeder funds or parallel investment vehicles that are separate from the Feeder Fund investing in or parallel to the Master Fund ("**Other Feeder Funds**").

Each of the Feeder Fund and the Master Fund was incorporated on 4 December 2020. None of the Funds are exempted limited duration companies and are not currently intended to have a limited duration.

The Investment Manager

Greenlane Capital Limited is a private company limited by shares incorporated in Hong Kong, and is licensed by the SFC to conduct Type 9 (asset management) regulated activity, subject to the conditions that it must only provide services to professional investors (as defined under the SFO) and that it shall not hold client assets.

The Investment Manager is not registered as an investment adviser with the SEC pursuant to the Advisers Act. Therefore, the protections of such registration will not be available to either the Fund or any Fund investor.

The Shares

This Private Placement Memorandum relates to the issue of Series A Shares, Series B Shares and Series Z Shares in the Feeder Fund. Series A Shares, Series B Shares and Series Z Shares will only be issued to Eligible Investors.

Series Z Shares will only be issued to and may only be held by employees of the Investment Manager and its Affiliates, as well as trusts or other entities established for the benefit of such persons.

An Affiliate of the Investment Manager holds all of the Management Shares in the Feeder Fund. The Management Shares carry voting rights, each Management Share conferring upon the holder thereof the right to receive notice of, and to attend and vote at, general meetings of the Feeder Fund. The Management Shares do not participate in the profits of the Feeder Fund or the Master Fund.

A summary of some of the terms of each series of Shares is set out below:

Share Series	Series A	Series B	Series Z
Eligibility	Open	Open	Employees of the Investment Manager and its Affiliates
Management fee per annum	1.5%	1.5%	Nil
Incentive fee	20.0%	25.0%	Nil
Hurdle	Nil	3.0%	Nil
High watermark	Standard High Watermark		
Minimum initial subscription	US\$10,000,000	US\$10,000,000	US\$100,000
Minimum subsequent subscription	US\$1,000,000	US\$1,000,000	US\$10,000
Minimum holding	US\$5,000,000	US\$5,000,000	US\$100,000
Subscriptions	Monthly		
Lock-up period	12 months (hard lock) followed by 12 months (soft lock)		
Redemption fee	3.0%		
Redemption day	First calendar day of each calendar quarter		
Redemption notice	60 days		
Investor-level gate	25%		

2. DEFINITIONS

1940 Act	The U.S. Investment Company Act of 1940, as amended.
Administrator	Morgan Stanley Fund Services (Cayman) Ltd. or such other administrator and transfer agent appointed by the Fund from time to time.
Advisers Act	The U.S. Investment Advisers Act of 1940, as amended.
Affiliate(s)	In respect of a person, another person which Controls, is Controlled by or under common Control with such first person.
Application Form	The form of application for Shares (including an Investor Profile Form provided separately) in such form as the Investment Manager or the Board of Directors may prescribe or accept.
Articles	The memorandum and articles of association of the Feeder Fund and/or the Master Fund, as the context may require, as amended and/or restated from time to time.
Auditor	PricewaterhouseCoopers Cayman Islands or other auditors of the Fund appointed from time to time.
Available	Has the meaning defined in section 3 (<i>Principal Terms of the Fund – Key Person</i>).
Benefit Plan Investor	Has the meaning defined in section 16 (<i>ERISA Matters – The Plan Asset Regulation</i>).
Board of Directors	<p>The board of directors of the Feeder Fund and/or the Master Fund, as the context may require, including duly authorized committees or delegates thereof.</p> <p>A reference herein to a right or power of the Board of Directors to act or make a decision shall include a reference to the right or power of the Investment Manager to so act or make such decision where such authority has been delegated by the Board of Directors to the Investment Manager.</p>
Business Day	(i) Any day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in foreign currencies in Hong Kong and on which The Stock Exchange of Hong Kong Limited is open for normal trading provided that where, as a result of a number 8 typhoon signal or higher or a black rainstorm warning or other similar event in Hong Kong the period during which banks in Hong Kong is open for normal banking business on any day are reduced, such day shall

not be a Business Day unless the Investment Manager determines otherwise, and/or (ii) such other day as the Board of Directors may from time to time determine.

Calculation Date	The date on which the annual Incentive Fee is calculated in accordance with section 3 (<i>Principal Terms of the Fund – Incentive Fee</i>).
CFTC	The U.S. Commodity Futures Trading Commission.
Compulsory Redemption Day	Such day or days, as determined by the Board of Directors, on which a compulsory redemption of Shares takes place.
Control	The ability of a person to control the affairs of another person through the exercise of a majority of the voting rights or the right to appoint and remove a majority of the board of directors or other governing body, and "Controlled" has the corresponding meaning.
Controlling Person	Has the meaning defined in section 16 (<i>ERISA Matters – The Plan Asset Regulation</i>).
Custodian	The custodian or custodians of the Fund appointed from time to time (if any).
Data Protection Legislations	The EU General Data Protection Regulation (Regulation 2016/679) and any applicable data protection laws and regulations of other relevant jurisdictions, excluding the DPL.
DOL	Has the meaning defined in section 16 (<i>ERISA Matters – Fiduciary Duty of Investing ERISA Plans</i>).
DPL	The Data Protection Act, 2017 of the Cayman Islands, as amended.
Dealing Day	The first calendar day after each Valuation Date or such other day as the Board of Directors may from time to time designate as a Dealing Day.
Director	A member of the Board of Directors.
Dislocated Asset(s)	Has the meaning defined in section 12 (<i>Valuation – Dislocated Assets</i>).
Eligible Investor	A person who is eligible to acquire or hold Shares, as defined in section 10 (<i>Offering and Transfers of Shares – Eligibility requirement for Shareholders</i>).
ERISA	The U.S. Employee Retirement Income Security Act of 1974, as amended.

ERISA Plan	Has the meaning defined in section 16 (<i>ERISA Matters – General</i>).
FATCA	Means one or more of the following, as the context requires: <ul style="list-style-type: none"> (a) U.S. FATCA, the Common Reporting Standard ("CRS") issued by the Organisation for Economic Cooperation and Development, or similar legislation, regulations or guidance enacted in any other jurisdiction which seeks to implement equivalent tax reporting and/or withholding tax regimes; (b) any intergovernmental agreement, treaty or any other arrangement between the Cayman Islands and the US or any other jurisdiction (including between any government bodies in each relevant jurisdiction), entered into to facilitate, implement, comply with or supplement the legislation, regulations or guidance described in paragraph (a); and (c) any legislation, regulations or guidance implemented in the Cayman Islands to give effect to the matters outlined in the preceding paragraphs.
FCA	The Financial Conduct Authority of the United Kingdom.
Feeder Fund	Greenlane Offshore Feeder Fund, an exempted company incorporated with limited liability in the Cayman Islands.
Financial Year	The financial year of the Feeder Fund or the Master Fund.
FINRA	The U.S. Financial Industry Regulatory Authority, Inc.
Full Redemption Period	Has the meaning defined in section 3 (<i>Principal Terms of the Fund – Redemptions</i>).
Fund	Each of the Master Fund, the Feeder Fund and any Other Feeder Fund of the Master Fund.
Hurdle	Has the meaning defined in section 3 (<i>Principal Terms of the Fund – Incentive Fee</i>).
Incentive Fee	Has the meaning defined in section 3 (<i>Principal Terms of the Fund – Incentive Fee</i>).
Internal Revenue Service	The U.S. Internal Revenue Service.

Investment Management Agreement	The agreement or agreements to be entered into between the Master Fund, the Feeder Fund (and any Other Feeder Fund) and the Investment Manager pursuant to which the Investment Manager is appointed as investment manager to the Master Fund and the Feeder Fund (and any Other Feeder Fund).
Investment Manager	Greenlane Capital Limited, as further described in section 3 (<i>Principal Terms of the Fund – Investment Manager</i>). A reference herein to an act or decision by the "Investment Manager" shall include an act or decision by the Investment Manager made under delegation of authority from the Board of Directors of the Feeder Fund and/or the Master Fund.
IRC	The U.S. Internal Revenue Code of 1986, as amended.
Key Person Event	An event described in section 3 (<i>Principal Terms of the Fund – Key Person</i>).
Key Person Redemption Notice Period	The notice period described in section 3 (<i>Principal Terms of the Fund – Key Person</i>).
Liquidity Event	An event described in section 3 (<i>Principal Terms of the Fund – Private Investments</i>).
Lock-Up Period	In respect of a series of Shares, such period during which no redemption of such Shares (other than compulsory redemptions by the Feeder Fund) will be permitted or, depending on the terms on which a series has been issued, will only be permitted subject to payment of a Redemption Fee, and as further set out in section 3 (<i>Principal Terms of the Fund – Redemptions</i>).
Master Fund	Greenlane Master Fund, an exempted company incorporated with limited liability in the Cayman Islands.
Management Fee	The management fee payable in respect of the Shares, as more particularly set out in section 3 (<i>Principal Terms of the Fund – Management Fee</i>).
Management Shares	The voting, non-participating shares of par value US\$1.00 each in the Feeder Fund issued as Management Shares, as described in section 3 (<i>Principal Terms of the Fund – Shares</i>).
Minimum Holding	The minimum amount of Shares based on NAV which a Shareholder is required to maintain in the Fund. Unless otherwise determined by the Board of Directors, where a

Redemption Request by a Shareholder would bring such Shareholder's remaining Shares of the relevant series below the Minimum Holding, the Fund may require such Shareholder to redeem all of its Shares of the relevant series. The Minimum Holding of the Shares shall be as follows, provided that Board of Directors may, in its sole discretion, determine a lesser amount:

Series A	US\$5,000,000
Series B	US\$5,000,000
Series Z	US\$100,000

Minimum Subscription

The minimum amount of Shares, based on the subscription price, which Shareholders must subscribe for in the Fund at the initial subscription or subsequent subscriptions, which shall be as follows:

	Initial subscription	Subsequent subscriptions
Series A	US\$10,000,000	US\$1,000,000
Series B	US\$10,000,000	US\$1,000,000
Series Z	US\$100,000	US\$10,000

The Minimum Subscription amounts may be amended or waived by the Board of Directors in its sole discretion subject to the minimum requirements set out in the Mutual Funds Act.

Net Asset Value, NAV

The net asset value of the Fund or a series of Shares (as applicable), as calculated by the Administrator under the supervision of the Investment Manager and subject to the ultimate discretion of the Board of Directors, as more particularly set out in section 12 (*Valuation*).

Net Asset Value per Share

The net asset value of the relevant series of Shares divided by the number of outstanding Shares of that series or sub-series in issue or deemed in issue, as more particularly set out in section 12 (*Valuation*).

Non-U.S. Person

A person that is not a U.S. Person.

Non-U.S. Shareholder

A Shareholder that is not a U.S. Person, as defined in section 15 (*Tax Aspects*).

Other Feeder Funds	Any feeder funds (other than the Feeder Fund) or parallel investment vehicles of the Master Fund which may be established from time to time.
Party in Interest	Has the meaning defined in section 16 (<i>ERISA Matters – Prohibited Transactions</i>).
Participating Shareholder	A Shareholder who has elected to participate in Special Investments, as more particularly set out in section 3 (<i>Principal Terms of the Fund – Private Investments</i>).
Permitted U.S. Person	A U.S. Person who is: <ul style="list-style-type: none"> (a) an "accredited investor" (as defined in Rule 501(a) of Regulation D promulgated under the Securities Act); and (b) (i) a "qualified purchaser" (as defined in Section 2(a)(51) of the 1940 Act and the rules and regulations promulgated thereunder), or (ii) a "knowledgeable employee" as such term is defined in Rule 3c-5(a)(4) promulgated under the 1940 Act.
Personal Data	Has the meaning given in the Data Protection Legislations and includes any information relating to an identifiable individual (such as name, address, date of birth or economic information).
Plan	Has the meaning defined in section 16 (<i>ERISA Matters – General</i>).
Plan Asset Regulation	The DOL regulation at 29 C.F.R. § 2510.3-101, as modified by Section 3(42) of ERISA.
Plan Fiduciary	Has the meaning defined in section 16 (<i>ERISA Matters – Representations and Warranties</i>).
PRA	The Prudential Regulation Authority of the United Kingdom.
Prime Broker	The prime broker or prime brokers of the Fund appointed from time to time.
Prior High Watermark	The Net Asset Value per Share of the relevant sub-series immediately following the initial issue date of such sub-series and thereafter the Net Asset Value per Share as at the last Calculation Date at which the last Incentive Fee (being higher than zero) was determined to be payable in respect of such sub-series as determined in accordance with section 3 (<i>Principal Terms of the Fund – Incentive Fee</i>).

Private Placement Memorandum	This confidential private placement memorandum, as may be amended or supplemented from time to time.
PTCE	Has the meaning defined in section 16 (<i>ERISA Matters – Prohibited Transactions</i>).
Redemption Day	The first calendar day of each calendar quarter, or such other day that the Board of Directors may from time to time designate as a Redemption Day.
Redemption Fee	The redemption fee (as applicable) that may be payable by the Shareholder to the Master Fund upon a redemption of Shares, as more particularly set out in section 3 (<i>Principal Terms of the Fund – Redemption Fee</i>).
Redemption Limit	The redemption limit of the aggregate number of Shares of the relevant series held by a redeeming Shareholder at the date of the Redemption Request, as more particularly set out in section 3 (<i>Principal Terms of the Fund – Redemptions</i>).
Redemption Price	The price at which Shares are redeemed, as more particularly set out in section 3 (<i>Principal Terms of the Fund – Redemptions</i>).
Redemption Request	A form of redemption notice in respect of Shares obtainable from the Administrator from time to time in such form as the Investment Manager or the Board of Directors may prescribe or accept, as more particularly set out in section 3 (<i>Principal Terms of the Fund – Redemptions</i>).
SEC	The U.S. Securities and Exchange Commission.
Securities Act	The U.S. Securities Act of 1933, as amended.
Securities Exchange Act	The U.S. Securities Exchange Act of 1934, as amended.
series	A series of Shares, including a sub-series of Shares (as the context may require) as more particularly set out in section 3 (<i>Principal Terms of the Fund – Shares</i>).
Series A Shares	The Shares issued by the Feeder Fund as Series A Shares, the terms of which are set out in section 3 (<i>Principal Terms of the Fund – Shares</i>).
Series B Shares	The Shares issued by the Feeder Fund as Series B Shares, the terms of which are set out in section 3 (<i>Principal Terms of the Fund – Shares</i>).

Series Z Shares	The Shares issued by the Feeder Fund as Series Z Shares, the terms of which are set out in section 3 (<i>Principal Terms of the Fund – Shares</i>).
Series S Shares	The Shares issued by the Feeder Fund as Series S Shares, representing Special Investments, as more particularly set out in section 3 (<i>Principal Terms of the Fund – Private Investments</i>).
SFC	The Hong Kong Securities and Futures Commission.
SFO	The Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).
Shareholder	A registered holder of Shares.
Shares	The participating, redeemable, non-voting shares (other than the Management Shares) of par value US\$0.01 each of any class, series or sub-series as may be issued by the Feeder Fund from time to time, including Series A Shares, Series B Shares, Series Z Shares and Series S Shares, the terms of which are set out in section 3 (<i>Principal Terms of the Fund – Shares</i>).
Similar Law	Has the meaning defined in section 16 (<i>ERISA Matters – Similar Plans</i>).
Special Investments	Has the meaning defined in section 3 (<i>Principal Terms of the Fund – Private Investments</i>).
Special Investments Accounts	Has the meaning defined in section 3 (<i>Principal Terms of the Fund – Private Investments</i>).
Special Investments Hurdle	Has the meaning defined in section 3 (<i>Principal Terms of the Fund – Incentive Fee</i>).
Strategic Investor	Such investor group that is designated by the Board of Directors as a strategic investor in the Fund.
Transaction Party	Has the meaning defined in section 16 (<i>ERISA Matters – Prohibited Transaction</i>).
US Dollar, USD or US\$	United States dollars, the lawful currency of the United States of America.
U.S.	The United States of America.
U.S. FATCA	Means Sections 1471 through 1474 of the IRC, any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the IRC and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental

agreement, treaty or convention among governmental authorities and implementing such Sections of the IRC.

U.S. GAAP	The Generally Accepted Accounting Principles in the United States.
U.S. Person	A U.S. Person (as defined in Rule 902 of Regulation S promulgated under the Securities Act and extracted in Appendix A).
Valuation Date	The last calendar day in any calendar month or such other day designated by the Board of Directors as the Valuation Date.
Valuation Policy	The valuation policy of the Fund as adopted by the Board of Directors from time to time.

3. **PRINCIPAL TERMS OF THE FUND**

The following is a summary of the principal terms of the Fund. The following summary is qualified in its entirety by the more detailed description contained in the subsequent sections of this Private Placement Memorandum and the Articles of the Feeder Fund. Prior to making any investment in the Fund, the Articles of the Feeder Fund should be reviewed carefully. If the terms described in this Private Placement Memorandum are inconsistent with or contrary to the terms of the Articles, the terms of the Articles will control.

The Fund

The Feeder Fund, Greenlane Offshore Feeder Fund, is an exempted company incorporated with limited liability in the Cayman Islands.

The Feeder Fund has been formed for the benefit of non-U.S. Persons, U.S. tax-exempt investors and other Eligible Investors. The Feeder Fund invests all of its assets into the Master Fund. All of the investments of the Feeder Fund are therefore expected to be held and made by the Master Fund, and an investment in the Feeder Fund will be treated as a direction from the Shareholder to invest the Shareholder's interest in the Feeder Fund in the Master Fund.

The Board of Directors or the Investment Manager may, in the future, establish an additional feeder fund for the benefit of taxable U.S. Persons, which will also invest all of its assets into the Master Fund, and other feeder funds or parallel investment vehicles that are separate from the Feeder Fund investing in or parallel to the Master Fund.

Investment Manager

The Investment Manager, Greenlane Capital Limited, is a private company limited by shares incorporated in Hong Kong and is licensed by the SFC to conduct Type 9 (asset management) regulated activity, subject to the conditions that it must only provide services to professional investors (as defined under the SFO) and that it shall not hold client assets.

The Investment Manager will provide investment management, fund raising and certain administrative services to the Fund. In particular, it will have day-to-day investment authority relating to the Master Fund and will provide investment advisory, investment management and other services with respect to the Master Fund.

The Investment Manager is not registered as an investment adviser with the SEC under the Advisers Act and accordingly, the protections of such registration will not be available to the Fund or any Fund investor. The Investment Manager is not registered with the CFTC as a commodity pool operator or a commodity trading advisor.

See section 4 (*Structure of the Fund – Investment Manager*) for details on the directors of the Investment Manager.

Prime Brokers and Custodians

Goldman Sachs International and Morgan Stanley & Co. International plc. act as the prime brokers and custodians to the Master Fund. The functions which the prime brokers will perform include the provision of custody, clearing, physical settlement, financing and reporting services to the Master Fund regarding the purchase and sale of investment products entered into by the Master Fund with third parties, the prime brokers and their Affiliates.

Administrator

Morgan Stanley Fund Services (Cayman) Ltd. acts as the administrator and transfer agent for the Fund and is responsible for providing administration and transfer agency services to the Fund.

Auditor

PricewaterhouseCoopers Cayman Islands acts as the auditor of the Fund.

Investment Objective

The investment objective of the Fund is to achieve long-term capital growth by investing primarily in equity securities of companies having their head office or exercising a predominant part of their activities in the PRC or Hong Kong. The Fund may invest in all sectors, with one main focus on consumption and manufacturing upgrades related opportunities. The Fund intends to build a scalable portfolio with conviction and leverage the market dislocation to capture satisfactory return opportunities.

Investment Strategy

The Investment Manager will employ a repeatable process to conduct quantitative and qualitative research on specific and analysable opportunities. The core of the investment strategy is to invest in quality businesses with high barriers to entry which endure over time. Such businesses tend to have resilient business models, led by exceptional management teams to drive strong organizational capabilities. The Investment Manger seeks to invest in companies which are at an extraordinary high growth stage as a result of introducing innovation and disruptive changes. The Investment Manager will also identify selective structural short opportunities in sectors that are being closely followed.

In addition to listed equities and unlisted equities (under the Special Investments pocket (as defined below)), while not core to the Master Fund's investment strategy, the Master Fund may invest in options, futures and other derivatives instruments, as well as debt and convertible securities if they are deemed to offer a favourable risk/reward to the Master Fund's performance. See section 5 (*Investment Program – Types of Investments*) for a list of permitted investments.

The Master Fund may retain amounts in cash or cash equivalents (including money market funds and treasuries) pending reinvestment, for use as collateral or in response to adverse market, economic, political or other conditions.

Although the Master Fund intends to invest primarily in equity securities of companies having their head office or exercising a predominant part of their activities in the PRC or Hong Kong, there are no position limits and the Investment Manager may opportunistically invest any part of the Master Fund's assets in any global market.

Borrowing and Leverage

When deemed appropriate by the Investment Manager, the Master Fund may undertake direct borrowing or incur leverage through borrowing cash, securities and other instruments including but not limited to the use of derivatives, securities margin, futures margin, margined option premiums, bank or dealer credit lines or the notional principal amounts of swap transactions.

The Master Fund may also borrow for the purposes of satisfying redemption requests or paying expenses, if required. The Master Fund may pledge assets as security for borrowings.

The maximum leverage which the Master Fund is expected to employ is 250% of the Net Asset Value of the Master Fund (calculated as at the end of each calendar month). The maximum leverage limit will only be exceeded in exceptional circumstances and on a temporary basis.

Leverage is calculated in accordance with the method known as the "gross method" whereby the sum of all the absolute market values of all of the Master Fund's positions is divided by the Net Asset Value of the Master Fund at the end of each calendar month.

Shares

The Feeder Fund has the power, without receiving consent from existing Shareholders, to issue Shares in different series or sub-series which may differ in terms of, among other things, denomination of currency, the fees charged, minimum subscription amounts, voting rights, redemption rights and other rights. Any new series or sub-series will be open to all existing investors eligible for such series, as determined by the Board of Directors. The terms of such new series or sub-series will be determined by the Board of Directors. The Feeder Fund is under no obligation to continue to offer any particular series or sub-series of Shares.

The Feeder Fund initially plans to issue the following series of Shares – Series A Shares, Series B Shares, Series Z Shares as well as Management Shares and Series S Shares.

Series A, B, and Z Shares

Series A Shares, Series B Shares and Series Z Shares will only be issued to Eligible Investors.

Series Z Shares will only be issued to and may only be held by employees of the Investment Manager and its Affiliates, as well as trusts or other entities established for the benefit of such persons. In the event that a Shareholder of Series Z Shares ceases to be an employee of the Investment Manager or its Affiliates, all of such Shareholder's Series Z Shares will (unless compulsorily redeemed by the Feeder Fund) be compulsorily converted (by way of redemption and reissue) into either Series A Shares or Series B Shares with effect from the first Dealing Day following the last day of such Shareholder's employment. Such Shareholder may indicate its election to convert its Series Z Shares into either Series A Shares or Series B Shares by sending a properly completed and executed election form to the Investment Manager and the Administrator at least five (5) calendar days prior to the last day of such employment. In the absence of such indication, all of such Shareholder's Series Z Shares will be converted into Series A Shares.

Management Shares

An Affiliate of the Investment Manager holds all of the Management Shares in the Feeder Fund. The Management Shares carry voting rights, each Management Share conferring upon the holder thereof the right to receive notice of, and to attend and vote at, general meetings of the Feeder Fund. The Management Shares do not participate in the profits of the Feeder Fund or the Master Fund.

Series S Shares

See section 3 (*Principal Terms of the Fund – Private Investments*) below.

Issuance of Shares

Shares of a new series or sub-series will be issued at US\$1,000 per Share or such other issue price as may be determined by the Board of Directors.

In order to allocate the Incentive Fee and potentially other items equitably among all Shareholders, each Shareholder will be issued its own sub-series of Shares, and any subsequent subscription by such Shareholder of such series of Shares will be made in the same sub-series. Each sub-series of Shares will have a separate Net Asset Value.

Each subscription for Shares must be made for an amount equal to or exceeding the Minimum Subscription amount, unless the Minimum Subscription amount is waived by the Board of Directors.

Each issue of Shares is conditional upon receipt of the issue price in full.

See section 10 (*Offering and Transfers of Shares*) for details on the subscription procedure.

Strategic Investor One or more Strategic Investors are expected to make an investment in the Fund with a longer Lock-Up Period and different Management Fee rates. Certain preferential rights may also be agreed with one or more Strategic Investors, including with respect to additional redemption rights arising upon the occurrence of certain adverse "cause" events detailed in the relevant strategic agreement without application of any Lock-Up Period or Redemption Limit, information or reporting rights, additional capacity rights and most favoured investor commitments.

Reports The Master Fund and the Feeder Fund will furnish to each Shareholder annual reports, which will include audited accounts as of the end of each Financial Year (prepared in accordance with U.S. GAAP).

The Investment Manager will also furnish other periodic reports to Shareholders. See section 14 (*Reports and Notifications – Annual reports*).

Private Investments The Master Fund may acquire securities or other assets or instruments (whether listed or unlisted) through direct investments, investments in joint ventures, investment companies, co-investments, private placements or otherwise which in the opinion of the Investment Manager lack a readily assessable market value. The Master Fund will have the authority to hold such investments, along with any corresponding hedge positions ("**Special Investments**"), in separate investment accounts ("**Special Investments Accounts**") which are subject to separate redemption and valuation rules as further explained below and in section 12 (*Valuation – Valuation of Special Investments*), respectively.

The Investment Manager may from time to time allocate an investment of the Fund that was not originally a Special Investment to a Special Investments Account if the Investment Manager determines that such investment becomes a Special Investment.

Each Special Investment will be represented by a sub-series of series S Shares ("**Series S Shares**"), into which the appropriate proportion of Shares of the series held by a Participating Shareholder (as defined below) which is not subject to a Redemption Request will be converted (by way of redemption and reissue). Special Investments will be held at the level of the Master Fund and represented by a special series of Shares issued by the Feeder Fund.

Series S Shares will only be issued to those Shareholders that have opted to participate in Special Investments ("**Participating Shareholders**") by making such election on their Application Form. Once an election to participate in Special Investments has been made it is irrevocable and will apply with respect to any additional subscriptions made by the Participating Shareholder. Participating Shareholders will participate in all new Special Investments made after their admission to the extent the relevant Shares held by the Participating Shareholder are not subject to a Redemption Request, and may not opt-out of participating in one or more Special Investments.

A Shareholder who has elected not to participate in Special Investments may subsequently opt to participate in future Special Investments by giving sixty (60) calendar days' prior written notice to the Investment Manager and the Administrator. The change in election shall be effective and such Shareholder shall be deemed to be a Participating Shareholder from the first Dealing Day after the expiry of such notice period.

Only the relevant sub-series of Series S Shares issued in respect of a Special Investments Account will participate in the relevant Special Investment. Series S Shares are allocated only to those investors that are Participating Shareholders at the time a Special Investment is made or designated.

Special Investments will, in relation to each Participating Shareholder, comprise no more than 20% of the aggregate Net Asset Value of all of the Shares held by such Participating Shareholder (including without limitation other Series S Shares already held by such Participating Shareholder).

For purposes of the foregoing, each Special Investment will be valued in accordance with the Fund's Valuation Policy. Subsequent appreciations of the Special Investments or depreciations of the Fund's remaining assets following such valuation, or appreciations or depreciations in hedge positions relating to Special Investments, will not be taken into account for the purposes of the 20% limit, except upon designation of a new Special Investment. Hence, it is possible that the aggregate Net Asset Value of the Series S Shares held by a Participating Shareholder may exceed 20% (or such higher specified

percentage) of the aggregate Net Asset Value of all of such Participating Shareholder's Shares, either because the aggregate net asset value of Special Investments has increased or because the aggregate Net Asset Value of all of such Participating Shareholder's Shares has decreased, for example due to a redemption by such Participating Shareholder of its other Shares.

If at any time the Investment Manager designates an asset to be a Special Investment, a *pro rata* portion of the Shares of the series held by a Participating Shareholder will be converted (by way of redemption and reissue) into a sub-series of Series S Shares, such sub-series of Series S Shares having an initial aggregate Net Asset Value equal to the fair value of such Special Investment as determined by the Investment Manager, which will generally be the cost basis for Special Investments designated as such upon acquisition, including the costs of any hedges, set up costs or reserves set aside for such Special Investments.

Only the relevant sub-series of Series S Shares issued in respect of a Special Investments Account will participate in the relevant Special Investment. Series S Shares are allocated only to those investors that are Participating Shareholders at the time a Special Investment is made or designated.

Series S Shares are not redeemable at the option of a Participating Shareholder and must be held by a Participating Shareholder until (i) the Special Investment in respect of which they have been issued has been realised, or (ii) the Investment Manager determines that such investment should cease to be treated as a Special Investment because it has become a liquid investment or for any other reason (in each case, a "**Liquidity Event**"). The Investment Manager may in its sole discretion determine that a Liquidity Event shall have occurred with respect to any cash income or interest generated from a Special Investment.

Upon a Liquidity Event of all or portion of a Special Investment, the Series S Shares attributable to such Special Investment (or the relevant portion) will be converted (by way of redemption and reissue) into the original series of Shares from which the conversion took place; if a Shareholder no longer holds Shares other than Series S Shares, then the Series S Shares held by such Participating Shareholders will be compulsorily redeemed upon a Liquidity Event of the relevant Special Investment.

The Shares issued on re-conversion of the relevant Series S Shares will for purposes of determining any Lock-Up Period be deemed to have been issued on the date on which the original Shares were issued before the conversion into Series S Shares.

Unless the Investment Manager sells or otherwise realises the underlying assets or instruments of a Special Investment, in which case a Liquidity Event shall be deemed to occur upon such sale or other realisation, the value of a Special Investment in respect of which a Liquidity Event has occurred shall be determined in accordance with the Fund's Valuation Policy.

Net Asset Value

The Net Asset Value of the Fund and of each series of Shares will be calculated as at the close of business in the relevant markets on each Valuation Date and any other relevant date of determination.

The Net Asset Value per series of Shares is generally determined by allocating any increase or decrease of the Net Asset Value of the Fund among the relevant series of Shares *pro rata* to their asset value before deduction of any fees, expenses or other liabilities, and the Net Asset Value per Share of any series is determined by dividing the Net Asset Value of the relevant series by the number of Shares of that series in issue, the resulting amount being rounded to the nearest six (6) decimal places. Any rounding benefit will be retained by the Fund.

Co-investments

The Investment Manager may at its discretion offer co-investment opportunities to certain Shareholders to invest either alongside the Fund or separately in specific investment opportunities.

Management Fee

A management fee (the "**Management Fee**") will accrue monthly and will be payable by the Master Fund out of assets attributable to the Feeder Fund to the Investment Manager monthly in arrears.

The Management Fee in relation to:

- (a) Series A Shares will be equal to $\frac{1}{12}$ of 1.5% per month (i.e. 1.5% per annum); and
- (b) Series B Shares will be equal to $\frac{1}{12}$ of 1.5% per month (i.e. 1.5% per annum),

in each case of the Net Asset Value of the Shares as of the Valuation Date of the relevant month. The relevant Net Asset Value for the purpose of calculating the Management Fee is net of all the allocable Fund costs and expenses accrued during the month (other than any Management Fee and any Incentive Fee that may have accrued but has not been paid).

$\text{Management Fee} = \text{Management Fee rate} \times \text{NAV of the Shares as of the Valuation Date}$

No Management Fee is payable with respect to Series Z Shares.

The Management Fee on Series S Shares will be determined using the Management Fee rate applicable to the Share series from which such Series S Shares were originally converted, calculated on the lower of (i) the acquisition cost (including the costs of any hedges, set up costs or reserves set aside for such Special Investments), and (ii) the fair value of the relevant Special Investment. The Management Fee on Series S Shares will generally be charged on the series of Shares from which such Series S Shares were originally converted, and where a Shareholder no longer holds any Shares other than Series S Shares, the Management Fee will accrue on such Series S Shares and become payable upon the Liquidity Event of such Series S Shares.

The Management Fee will become payable on the first Business Day of the month following the calendar month to which it relates, or such later date as specified by the Investment Manager.

In case the Investment Management Agreement is terminated prior to the end of a calendar month, the Management Fee as provided above, shall be calculated and shall be payable on a *pro rata* basis for the period of such calendar month for which such agreement has been in force.

The Management Fee will be paid by the Master Fund out of assets attributable to the Feeder Fund as soon as practicable after it becomes payable.

The Investment Manager may at its absolute discretion agree with one or more Shareholders to reduce, waive, rebate or calculate differently the Management Fee with respect to such Shareholder(s).

Incentive Fee

An incentive fee will be paid by the Master Fund out of assets attributable to the Feeder Fund and calculated on an annual basis as of the last Valuation Date of December each year (the "**Calculation Date**") (the "**Incentive Fee**").

The Incentive Fee will be calculated separately for each series of Shares and will be paid in the form of cash to the Investment Manager.

The Incentive Fee will be equal to the net realized and unrealized appreciation in the Net Asset Value per Share in excess of the Prior High Watermark plus Hurdle of such Share, multiplied by the Incentive Fee rate of the relevant series and multiplied by the number of relevant Shares as of such Calculation Date. An Incentive Fee will only be paid if the NAV per Share of the

relevant series exceeds the Prior High Watermark plus any applicable Hurdle.

$$\text{Incentive Fee} = (\text{NAV per Share} - \text{Prior High Watermark} - \text{Hurdle}) \times \text{Incentive Fee rate of the relevant series} \times \text{number of Shares of the relevant series}$$

The "**Prior High Watermark**" is the Net Asset Value per Share of the relevant sub-series immediately following the initial issue date of such sub-series and thereafter the Net Asset Value per Share as at the last Calculation Date at which the last Incentive Fee (being higher than zero) was determined to be payable in respect of such sub-series, after deducting such Incentive Fee. For the purposes of calculating the Incentive Fee, the Net Asset Value per Share and the Prior High Watermark will be determined net of all costs and expenses accrued during the relevant period, including the Management Fee, but excluding any accrued Incentive Fee.

The "**Hurdle**" is the Hurdle rate applicable to the relevant series multiplied by the Prior High Watermark, multiplied by the number of months since the last Calculation Date, and divided by 12. The Hurdle is neither cumulative nor compounded: the Hurdle will be calculated for the time that elapsed since the last Calculation Date (i.e. generally 12 months) and the Hurdle for a past year will not be taken into account to calculate the Hurdle for subsequent years:

$$\text{Hurdle} = \text{Hurdle rate} \times \text{Prior High Watermark} \times \text{number of months since last Calculation Date} / 12$$

The Incentive Fee rate and Hurdle rate will be as follows:

Series of Shares	Incentive Fee rate	Hurdle rate
Series A	20.0%	0
Series B	25.0%	3.0%

No Incentive Fee will be paid with respect to Series Z Shares.

Special Investments

Upon the creation of a Special Investment, any accrued and unpaid Incentive Fee on the series of Shares converted into Series S Shares will be allocated to the unconverted series of Shares retained by each relevant Participating Shareholder and the Prior High Watermark of the unconverted series of Shares will be adjusted accordingly to take into account such accrued Incentive Fee, which will crystallise (to the extent the NAV of

the relevant series of Shares exceeds the adjusted Prior High Watermark plus Hurdle) upon the next Calculation Date.

Upon a Liquidity Event, the Incentive Fee will be determined and paid on the basis of the appreciation of the NAV per Series S Share over its Prior High Watermark plus the Special Investments Hurdle, multiplied by the Incentive Fee rate due on the original series of Shares from which such Series S Shares were converted. An Incentive Fee will only be paid if the appreciation of the NAV per Series S Shares over its Prior High Watermark is greater than the Special Investments Hurdle. A Liquidity Event in respect of cash income or interest of a Special Investment shall not affect the determination of the Incentive Fee on such Special Investment.

The "**Special Investments Hurdle**" is the Hurdle rate that would apply to the original series of Shares from which such Series S Share was converted, applied to the Prior High Watermark per Series S Share. The Special Investments Hurdle is cumulative but not compounded.

Special Investments Hurdle = Hurdle rate x Prior High Watermark per Series S Share x number of months (or part thereof) the Series S Shares were outstanding / 12)

Incentive Fee = (NAV per Series S Share – Prior High Watermark per Series S Share – Special Investments Hurdle) x Incentive Fee rate of the original Series x number of Series S Shares, where the NAV per Series S Share – Prior High Watermark per Series S Share – Special Investments Hurdle is greater than zero

Example: A Series S Share having a Prior High Watermark of \$1,000 was outstanding for 24 months. The NAV per Series S Share at the Liquidity Event is \$5,000. It was originally converted from Series B Shares, so a Hurdle rate of 3% and an Incentive Fee of 25% applies.

The Special Investments Hurdle is the Hurdle rate (3%) x Prior High Watermark (\$1,000) x (24 / 12) = \$60. The Incentive Fee per Share will be (NAV (\$5,000) – Prior High Watermark per Series S Share (\$1,000) – Special Investments Hurdle (\$60)) x Incentive Fee rate (25%) = \$985.

The Incentive Fee crystallised upon a Liquidity Event will be accrued to the series of Shares of such Shareholder from which the Series S Shares were originally converted by adjusting their Prior High Watermark, and where a Shareholder no longer holds any Shares other than Series S Shares, the Incentive Fee will

become payable upon the Liquidity Event and redemption of such Series S Shares.

Incentive Fee upon redemption or termination

In the event that a Shareholder redeems all or a portion of its Shares which are subject to an Incentive Fee other than on the Redemption Day immediately following a Calculation Date, the net realized and unrealized appreciation or depreciation, as the case may be, attributable to such Shares shall be determined through the Redemption Day and the Incentive Fee, if any, on the Shares which were redeemed will be calculated as of the immediately preceding Valuation Date and will be paid to the Investment Manager.

If the Investment Management Agreement is terminated at any time other than on a Calculation Date, the Incentive Fee shall be calculated and paid as if the date of termination were a Calculation Date.

The Investment Manager may at its absolute discretion agree with one or more Shareholders to reduce, waive, rebate or calculate differently the Incentive Fee paid in respect of such Shareholder(s).

Redemptions

Subject to the limits set out below and in the absence of any suspension of redemptions, a Shareholder may generally redeem its Shares at the Redemption Price (as defined below) on a Redemption Day by giving prior written notice to the Investment Manager via the Administrator at least sixty (60) calendar days before the Redemption Day (a "**Redemption Request**"). See section 11 (*Redemption of Shares*) for details on the redemption procedure.

Lock-Up Period

All series of Shares other than Series S Shares are subject to a Lock-Up Period of twelve (12) months during which no redemption of Shares (other than compulsory redemptions by the Feeder Fund) will be permitted, followed by twelve (12) additional months during which Shares may only be redeemed subject to payment of an early Redemption Fee, except that the Lock-Up Period shall not apply with respect to any redemptions made in accordance with the Investment Manager's employee deferred bonus scheme.

In the event that a Shareholder of Series Z Shares ceases to be an employee of the Investment Manager or its Affiliates and its Series Z Shares is converted (by way of redemption and reissue) into either Series A Shares or Series B Shares as a result of such Shareholder's cessation of employment, such Series A Shares or

Series B Shares will be deemed to have been issued on the date on which the original Series Z Shares were issued for purposes of determining any Lock-Up Period.

Shareholders of all series of Shares other than Series S Shares may effect a redemption of their relevant Shares without being subject to the Redemption Fee starting on the first Redemption Day following the expiration of the relevant Lock-Up Period. Shareholders remain subject to the Redemption Fee until and including the last day of the Lock-Up Period.

For the purposes of determining which Shares are subject to the Lock-Up Period, redemptions will be deemed to be made on a "first in-first out" basis, or as otherwise determined by the Board of Directors.

Redemption Limit

All series of Shares other than the Series S Shares are subject to an investor-level gate of 25% (the "**Redemption Limit**"). On each quarterly Redemption Day, each Shareholder holding Shares of such series may not redeem Shares representing more than 25% of the number of Shares it holds of that series that are subject to the Redemption Limit. If a Shareholder gives notice to redeem a number of Shares that is higher than the applicable Redemption Limit, including a Shareholder that requests to redeem all of its Shares of the relevant series, after the first Redemption Day the unredeemed balance of the Redemption Request will be automatically rolled over to the subsequent quarterly Redemption Day(s) without the need to submit a further Redemption Request. Thereafter, such Shareholder may redeem: (i) up to 33¹/₃% of the remaining number of Shares it holds of that series on the second consecutive quarterly Redemption Day; (ii) up to 50% of the remaining number of Shares it holds of that series on the third consecutive quarterly Redemption Day; and (iii) up to 100% of the remaining Shares it holds of that series on the fourth consecutive quarterly Redemption Day (the period between such full Redemption Request and the fourth consecutive quarterly Redemption Day following such Redemption Request, the "**Full Redemption Period**"), subject in each case to any suspension.

Where Series S Shares in respect of which a Liquidity Event occurred are reconverted into the original Share series in respect of which such a Redemption Request is outstanding (i.e., the Liquidity Event occurs during the Full Redemption Period for such Share series), such reconverted Shares will be deemed to have formed part of the Share series in respect of which the Participating Shareholder made its Redemption Request and will be redeemed in equal portions on the remaining quarterly Redemption Days during such Full Redemption Period.

See section 11 (*Redemption of Shares*) for a discussion of the payment of redemption proceeds and other limitations on redemptions, including, without limitation, the ability of the Board of Directors to suspend all redemptions.

The Board of Directors may at its sole discretion waive or reduce the notice requirements, any Lock-Up Period and/or the Redemption Limit.

The price at which Shares are redeemed (the "**Redemption Price**") on a Redemption Day is the Net Asset Value per Share calculated on the immediately preceding Valuation Date, subject to any Redemption Fee.

Series S Shares

Series S Shares are not redeemable at the option of the Shareholders.

Where a Liquidity Event in respect of Series S Shares occurs and a Participating Shareholder of such Series S Shares holds no other series of Shares, then such Series S Shares will be redeemed by compulsory redemption as soon as practicable following the Liquidity Event.

Redemption Fee

If Series A Shares, Series B or Series Z Shares are redeemed during the second twelve (12) months of their Lock-Up Period, a Redemption Fee will be charged for the account of the Master Fund for the benefit of the remaining investors in the Master Fund.

The Redemption Fee is equal to 3.0% of the aggregate Redemption Price.

For the purpose of determining whether a Redemption Fee for early redemption is applicable, redemptions of Shares will be deemed to be made on a "first in – first out" basis, or as otherwise determined by the Board of Directors.

The Board of Directors may in its discretion reduce or waive the Redemption Fee in individual cases or generally.

Suspension of Net Asset Value calculation

The Board of Directors may, in its sole discretion and at any time, suspend the determination of Net Asset Value of any one or more series or sub-series of Shares, in whole or in part, upon the occurrence of any of the following circumstances:

- (a) during any period in which any securities or futures exchange, board of trade or organised interdealer market or OTC market on which a substantial portion of the Master Fund's investments are quoted is closed, other

than for ordinary holidays and weekends, or during periods in which trading on any such securities exchange, board of trade, organised interdealer market or OTC market are restricted or suspended;

- (b) during any breakdown in the means of communication normally employed in determining the price or value of any Master Fund investment or current prices in any securities market, or when for any other reason the prices or values of any investments owned by the Master Fund cannot be reasonably, promptly or accurately ascertained;
- (c) during any period in which the transfer of funds involved in the realisation or acquisition of any investments by the Master Fund cannot be effected at normal rates of exchange;
- (d) during any period in which there exists, in the opinion of the Board of Directors, a state of affairs where disposal of part or all of the Master Fund's investments in order to fund the payment of redemption proceeds would not be reasonably practicable or would be materially detrimental to Shareholders as a whole;
- (e) if in the opinion of the Board of Directors it is not reasonably practicable to prepare the Net Asset Value calculation on an accurate and timely basis;
- (f) during any period in which the redemption of Shares would cause a breach or default under any covenant in any agreement entered into by the Master Fund for borrowing or cash management purposes;
- (g) if liquidation of the Master Fund or the Feeder Fund has commenced or if the Master Fund or the Feeder Fund has adopted a resolution to wind up;
- (h) if the Administrator has ceased to act for any reason and no successor has been appointed; or
- (i) if in the opinion of the Board of Directors the suspension of the determination of Net Asset Value is in the interests of the Shareholders.

Suspension of redemptions/payment of redemption proceeds

The Board of Directors may, in its sole discretion and at any time, suspend redemptions and/or payment of redemption proceeds for any one or more series or sub-series of Shares, in whole or in part, upon the occurrence of any of the following circumstances:

- (a) during any suspension of the determination of the Net Asset Value;
- (b) during any period in which any of the circumstances arises which would allow the Board of Directors to suspend the determination of Net Asset Value;
- (c) during any period in which there exists, in the opinion of the Board of Directors, a state of affairs where disposal of part or all of the Fund's investments in order to fund the payment of redemption proceeds would not be reasonably practicable or would be materially detrimental to Shareholders as a whole;
- (d) upon the occurrence of a Key Person Event and in accordance with the terms set out in section 3 (*Principal terms of the Fund – Key Person*); or
- (e) if in the opinion of the Board of Directors the suspension of redemptions and/or payment of redemption proceeds is in the interests of the Shareholders.

**Compulsory
Redemptions or
Transfers**

The Board of Directors may cause the compulsory redemption or transfer of all or a portion of a Shareholder's Shares where such Shares are or may be owned or held directly or beneficially by any person whose ownership or holding or continued ownership or holding of those Shares (whether on its own or in conjunction with any other circumstance appearing to the Board of Directors to be relevant) might in the sole and conclusive determination of the Board of Directors cause a regulatory, pecuniary or taxation disadvantage for the Fund or the Shareholders as a whole or cause the Fund to be in violation of any applicable law, including without limitation if the Shareholder ceases to be an Eligible Investor, if the Shareholder refuses to submit information required by the Fund, the Investment Manager or the Administrator to comply with anti-money-laundering laws and regulations or other regulatory reporting requirements (including, without limitation, U.S. FATCA), if the Shareholder holds less than the Minimum Holding, if Benefit Plan Investors would otherwise hold directly or indirectly approximately 25% or more of the value of any class of equity interests in the Master Fund, if a Shareholder of Series Z Shares ceases to be an employee of the Investment Manager or its Affiliates whether due to for-cause termination or resignation or otherwise, or for any other reason as determined in the sole discretion of the Board of Directors. The Board of Directors need not give any reasons for a compulsory redemption or transfer. Any costs incurred by the Fund for a compulsory redemption or transfer may be charged to the Shareholder being redeemed or the Shares being transferred.

Further details are set out in section 11 (*Redemption of Shares – Compulsory redemptions or transfers*).

ERISA Matters

To the extent the Feeder Fund permits any Benefit Plan Investor to purchase Shares, the Feeder Fund will limit purchases, transfers and redemptions of Shares (and, in certain cases, require transfers or redemptions (in whole or in part)), so that investment by Benefit Plan Investors with respect to the Master Fund would not be deemed to be "significant" for purposes of ERISA and the Plan Asset Regulation. All prospective purchasers and transferees of a Share in the Feeder Fund will be required to indicate, among other things, whether (and to what extent) they are or may be a Benefit Plan Investor or a Controlling Person.

Further details are set out in section 16 (*ERISA Matters*).

Key Person

If the Board of Directors determines in its reasonable discretion that Yue Li's services are no longer Available (as defined below), the Board of Directors will inform the Shareholders that a key person event (a "**Key Person Event**") has occurred within ten (10) Business Days of such determination. Upon a Key Person Event, Shareholders will be given the option, which must be exercised within ten (10) Business Days (the "**Key Person Redemption Notice Period**"), of redeeming some or all of their Shares (other than Series S Shares). The relevant Shares will be redeemed before the later of (i) sixty (60) calendar days, and (ii) the first Redemption Day after the end of the Key Person Redemption Notice Period. It may, however, be necessary for the Board of Directors to postpone redemptions for an interim period to effect an orderly reduction to the Fund's portfolio.

A key person's services not being "**Available**" means (i) the death of such person, (ii) the person ceasing to be actively involved in the day-to-day management of the Fund or the Investment Manager that continues for a period of sixty (60) consecutive days (excluding business-related travel and reasonable periods of personal or vacation travel), (iii) the person becoming permanently incapacitated, by reason of illness or injury, as confirmed by a medical certificate, or (iv) the effective date of the person's resignation from employment at the Investment Manager.

A Shareholder electing to redeem Shares upon the occurrence of a Key Person Event must submit a completed redemption request in the form available from the Administrator using the Administrator's secure document upload facility or by email as a scanned email attachment to the Administrator at its email address as set out in the redemption request so as to be received on a Business Day (or such lesser period as the Board of

Directors may generally or in any particular case permit) prior to the expiry of Key Person Redemption Notice Period.

Series S Shares will not automatically become redeemable upon a Key Person Event, but the Board of Directors may in its discretion determine that a Liquidity Event shall be deemed to have occurred and cause the Series S Shares to be reconverted into the original series of Shares or compulsorily redeemed as soon as reasonably practicable.

Any Redemption Fee, Lock-Up Period and the Redemption Limit will cease to apply with respect to any redemption due to a Key Person Event.

If in the discretion of the Board of Directors no suitable replacement or other measure can be found to the Key Person Event, the Board of Directors may decide to wind up the Fund, including without limitation, by way of a general compulsory redemption of all Shareholders' Shares.

Transfers

No Shares may be transferred without the consent of the Board of Directors. The holder of the Management Shares may transfer the Management Shares to any of its Affiliates or affiliated persons of the Investment Manager.

**Investment
Manager Expenses**

Except as otherwise provided herein, the Investment Manager will be responsible for its own expenses incurred in providing its services to the Fund, including expenses relating to marketing of the Fund, overhead expenses, facilities expenses and compensation of its employees.

Fund Expenses

The Feeder Fund will be allocated its own and a *pro rata* share of the Master Fund's organisational expenses and investment, trading and operating expenses relating to the Feeder Fund and the Master Fund, including but not limited to, the following: (a) costs and expenses of all transactions carried out by the Fund or on its behalf; (b) charges and expenses of the Administrator, Prime Brokers, legal advisers, Auditors and other professional advisers; (c) brokers' commissions, borrowing charges on securities sold short and intended to be sold short and any issue or transfer taxes or stamp duties chargeable in connection with any securities transactions; (d) all taxes, corporate fees, regulatory expenses and other expenses payable to governments, agencies or supervisory authorities and any related preparation, filing and registration costs; (e) Directors' fees and expenses; (f) interest on borrowings, including borrowings from the Prime Brokers; (g) communication expenses with respect to investor services including periodic investor meetings and calls and all expenses of meetings of Shareholders and of preparing, printing and distributing financial and other reports, proxy forms, offering documents and similar documents; (h) costs of

insurance (if any) for the benefit of the Directors; (i) specific research and investment consultancy expenses; (j) research related software; (k) expenses related to use of Bloomberg services; (l) expert networks; (m) trading and risk management related expenses including system costs; (n) litigation and indemnification expenses and extraordinary expenses not incurred in the ordinary course of business but for the benefit of the Feeder Fund and/or the Master Fund; and (o) all other organisational and operating expenses of the Feeder Fund and/or the Master Fund that the Investment Manager may agree with the Board of Directors.

All expenses allocated to the Feeder Fund will be paid (without duplication) at the Master Fund level out of the assets attributable to the Feeder Fund.

Accounting treatment

The Fund's financial statements will be prepared in accordance with U.S. GAAP, which requires organisational and establishment costs to be expensed as incurred. For the purpose of calculating the Net Asset Value for subscription and redemption purposes, the organisational or establishment expenses of the Fund and the Master Fund, to the extent allocable to the Feeder Fund, will be amortised over a period of sixty (60) months or less at the discretion of the Board of Directors. Such accounting treatment would not be in accordance with U.S. GAAP, and the Directors may make necessary adjustments in the annual financial statements in order to be in compliance with U.S. GAAP.

Further details are set out in section 13 (*Fees and Expenses – Establishment and operating expenses*).

Dividends

The Fund does not currently expect to pay dividends or make other distributions to Shareholders, although it has the right to do so, subject always to applicable laws.

Tax Status

Under current laws the Fund is not subject to any Cayman Islands taxation, although investors are recommended to take independent advice on taxation in their respective jurisdictions.

The Feeder Fund intends to be treated as a corporation for U.S. federal income tax purposes.

Side letters

Subject to all applicable laws and the Articles, the Fund (with the consent of the Board of Directors) and/or the Investment Manager may enter into side letters with investors. Side letters may provide such investor(s) with additional and/or different rights (including, without limitation, with respect to the Incentive Fee, Management Fee, Redemption Fee, redemption

rights, minimum and additional subscription amounts, informational rights due to regulatory, compliance, risk aggregation, reporting, taxation or other similar reasons, capacity rights, most favoured investor commitments, individual investor approval requirements, transfer rights, and other rights) than the other investors. In particular, in consideration for their investment, certain undertakings may be provided to certain Strategic Investors by the Investment Manager.

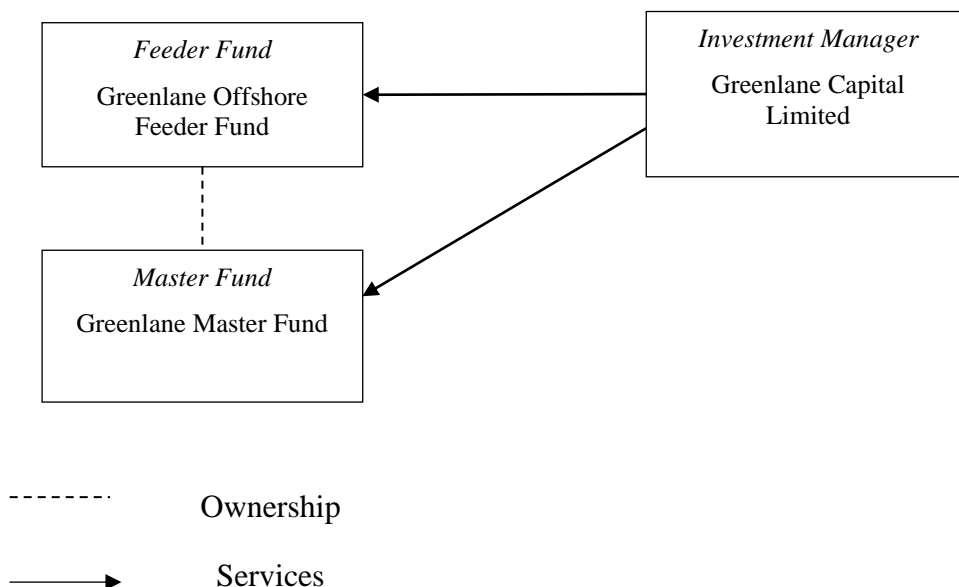
Financial Year	The Financial Year of the Fund will end on 31 December in each year, the initial Financial Year ending on 31 December 2021. The last Financial Year shall end upon dissolution of the Feeder Fund.
Base Currency	The base currency of the Fund for purposes of the financial statements and the determination of the NAV will be US\$.
Applicable law and jurisdiction	Shareholders' rights are governed by the terms of the Fund set out in this Private Placement Memorandum, any subscription agreement entered into by such Shareholder and the Articles of the Feeder Fund. These documents are governed by the laws of the Cayman Islands.
Winding Up	The holders of the Management Shares may resolve by special resolution to wind up the Feeder Fund and/or the Master Fund. The Directors may also present a winding up petition on behalf of the Feeder Fund and/or the Master Fund without the prior sanction of a resolution of the holders of the Management Shares or Shares passed at a general meeting.
Amendments to Private Placement Memorandum	<p>This Private Placement Memorandum may be amended, supplemented or otherwise modified at any time as determined by the Board of Directors in its discretion without the consent of any Shareholder for the purpose of:</p> <ul style="list-style-type: none">(a) clarifying any inaccuracy or ambiguity or reconciling any inconsistency in its provisions, or as between the provisions of this Private Placement Memorandum and the provisions of the Articles, or with respect to matters or questions arising under this Private Placement Memorandum which are not inconsistent with the provisions of the Articles or this Private Placement Memorandum;(b) complying with any law, rule, regulation or accounting standard applicable to the Fund or any of its service providers;(c) reflecting a change of location of the principal place of business of the Fund or the Investment Manager;

- (d) reflecting and describing an amendment or supplement to, or other modification of, the terms of any agreement entered into by the Fund and described herein, or reflecting and describing the terms of any agreement entered into by the Fund following the date of this Private Placement Memorandum;
- (e) changing this Private Placement Memorandum in any manner that does not, in the opinion of the Board of Directors, adversely affect the Shareholders in any material respect or that is required or contemplated by the provisions of the Articles or by any provisions of this Private Placement Memorandum; or
- (f) making any other amendment, supplement or other modification similar to the foregoing that the Board of Directors determines to be in the best interests of the Fund provided always that such amendment, supplement or other modification does not conflict with the terms of the Articles.

4. STRUCTURE OF THE FUND

Master-Feeder Structure

The structure of the Fund is illustrated in the diagram below. See section 3 (*Principal Terms of the Fund – The Fund*) for a description of the Feeder Fund.



The Investment Manager may establish Other Feeder Funds for the benefit of investors with different tax, legal or regulatory considerations than the investors in the Feeder Fund. Any such Other Feeder Funds are also expected to invest all of their assets into the Master Fund, or to invest side by side with the Master Fund.

The Master Fund is an exempted company incorporated with limited liability in the Cayman Islands and is expected to hold and make all of the investments of the Fund. The Master Fund may hold its investments directly or through special purpose vehicles. The Master Fund intends to make a "check-the-box" election to be treated as a flow through entity for U.S. federal income tax purposes.

Any investor will only be able to exercise its investor rights directly against the Feeder Fund, notably the limited right to participate in class meetings, if the investor is registered itself and in its own name in the register of members of the Feeder Fund. In cases where an investor invests in the Feeder Fund through an intermediary investing into the Feeder Fund in its own name but on behalf of the investor, it may not always be possible for the investor to exercise certain shareholder rights under the Articles directly against the Feeder Fund. Investors in the Feeder Fund will not be shareholders of the Master Fund and will have no direct interest or voting rights in the Master Fund. Investors have no rights directly against any of the Master Fund, Other Feeder Funds, the Investment Manager, the Administrator, the Prime Brokers, the Auditor, the tax accountants or any other service provider to the Fund. Each investor, by purchasing Shares in the Feeder Fund, shall be deemed to have acknowledged and agreed that it will therefore not have any direct right to assert any claims against the Master Fund, the affiliates of the Master Fund or any of their respective shareholders, directors,

officers, employees or agents (collectively, the "**Master Fund Affiliates**") for or in respect of any matter relating to the Feeder Fund or the Master Fund (including, without limitation, the purchase of Shares, any investment by the Feeder Fund in the Master Fund or the performance, activities or actions of the Master Fund or any of the Master Fund Affiliates as they relate to, impact upon or effect, directly or indirectly, the investment or position of the Feeder Fund in the Master Fund or in the investment or position of the investor, or any similar, related or associated matter, fact or thing).

Investors are advised to take independent professional advice on their rights.

Investment Manager

The Investment Manager is Greenlane Capital Limited.

See section 3 (*Principal Terms of the Fund – Investment Manager*) for a description of the Investment Manager.

The current director of the Investment Manager is Yue Li.

Yue Li

Yue Li is the Chief Investment Officer and Founder of Greenlane Capital Limited. Mr. Li was previously with Hillhouse Capital Management from September 2011 to November 2020 as the Managing Director and a senior member in the investment team, responsible for China consumer and related investment opportunities. He was also a member of the Investment Committee which regularly evaluated key investment ideas across public market portfolios. In addition, Mr. Li was the Legal Representative and Portfolio Manager of Li Ren Investment Management from 2018 to 2020. From 2009 to 2011, Mr. Li was the Head of China Stock Research in the Overseas Investment Team in China Asset Management (Hong Kong) Limited. Mr. Li started his career at First Shanghai Securities Limited where he held the roles of consumer sector analyst as well as Deputy Head of Research.

Mr. Li graduated from Xi'an Jiaotong University where he has obtained a Master of Applied Economics Degree in 2006 and a Bachelor of Applied Economics Degree in 2003.

The business address of Yue Li is Room 1205, Sun House, 181 Des Voeux Road Central, Hong Kong.

5. INVESTMENT PROGRAM

Investment Objective

See section 3 (*Principal Terms of the Fund – Investment Objective*). There can be no assurance that the Fund will achieve its investment objective.

Investment Strategy

See section 3 (*Principal Terms of the Fund – Investment Strategy*).

Types of Investments

The Master Fund intends to invest primarily in publicly listed equity securities with some exposure to unlisted equities (under the Special Investments pocket). While not core to the Master Fund's investment strategy, the Master Fund may from time to time invest in a broad range of assets, including, without limitation, shares (including but not limited to, preference shares or securities convertible into shares), stock, bonds, notes, commercial paper, debentures, certificates of deposit, debt, debt securities and obligations of all kinds, warrants, depository receipts, money market instruments (in each case, whether or not registered with or regulated by any competent regulatory authority), synthetic access products, futures, swaps, derivatives, participatory notes, foreign exchange products, any warrant or option in respect of any of the foregoing, any contract for differences, and any other type of asset which the Investment Manager reasonably determines may be made in compliance with the Fund's investment objectives and strategy.

Borrowing and Leverage

See section 3 (*Principal Terms of the Fund – Borrowing and Leverage*) for a list of the borrowing and leverage instruments the Master Fund may undertake.

Risk Management

The Investment Manager has in place suitable risk management technology and a risk policy for managing the risk of the Fund and will regularly monitor compliance with the Master Fund's investment restrictions and risk parameters of the Master Fund's portfolio, including but not limited to exposure to liquidity, market and concentration risk, as well as exposure to country, sub-sector and other factors.

By investing in the Fund, investors are relying on the discretionary judgement of the Investment Manager, without being subject to any specific diversification, leverage or other investment restrictions except for the specific guidelines noted above.

6. RISK FACTORS AND CONFLICTS OF INTEREST

There is a significant degree of risk associated with an investment in the Fund and such an investment should only be made after consultation with independent qualified investment, legal and tax advisers. An investment in the Fund is suitable for investment only by those persons and institutions for whom such investment does not represent a complete investment program, who understand the degree of risks involved and who believe that the investment is suitable based upon investment objectives and financial needs.

A. General Risks

The Shares may not be a suitable investment for all investors

Each potential investor in the Shares must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Shares, the merits and risks of investing in the Shares and the information contained or incorporated by reference in this Private Placement Memorandum or any applicable supplement;
- (b) either on its own or with the assistance of a financial adviser have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Shares and the impact the Shares will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Shares or where the currency for payments is different from the potential investor's currency;
- (d) understand thoroughly the terms of the Shares and be familiar with the behaviour of any relevant indices and financial markets; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Shares give exposure to complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Shares unless it has the expertise (either alone or with a financial adviser) to evaluate how the Shares will perform under changing conditions, the resulting effects on the Net Asset Value per Share and the impact this investment will have on the potential investor's overall investment portfolio.

Potential loss of investment

An investment in the Fund is speculative and involves a high degree of risk, and there can be no assurance that the Master Fund will achieve its investment objectives.

AN INVESTOR COULD LOSE ALL OR A SUBSTANTIAL PORTION OF ITS INVESTMENT IN THE FUND.

No guarantee of return

Investors' returns on the Shares (by way of any redemption payments) will be determined by reference to cumulative net gains or losses (if any), arising from the investment activities of the Master Fund. The return on the Shares may vary significantly over their respective lives, and may decrease as well as increase, depending upon trading profits and investment gains. The Fund makes no representation as to any return that investors will earn on the Shares and there can be no assurance that the information, as set out in this Private Placement Memorandum, will be in any respect indicative of how the Shares will perform (either in terms of profitability or low correlation with other investments) in the future.

B. Risks relating to the Investment Manager

All investment authority delegated to the Investment Manager

The Shareholders have no authority to make investment decisions or to participate in the management of, or the exercise of business discretion with respect to, the Master Fund. The authority to make all decisions with respect to the investment of the Master Fund's assets is delegated to the Investment Manager, subject to the overall management and supervision of the Board of Directors. Accordingly, no person should invest in the Master Fund (through its investment in the Feeder Fund) unless it is willing to entrust all aspects of the management of the Master Fund's portfolio to the Investment Manager, subject to the supervision of the Board of Directors.

General Systemic Risks

The Fund's investment strategy is inherently subject to general systematic risks such as the risk of market volatility, recessions, market crises, trade wars, trade tensions, geopolitical risks, sanctions risks, technology risks, intellectual property risks, changes in the legal and regulatory environment, changes in government policies, material deviations from historical pricing relationships and other adverse market conditions. Due to the unpredictable nature of the above market factors, the value of the Fund's assets may be adversely affected or the Fund may incur unexpected losses, particularly if such risks result in decreased economic activity. As a consequence, the Fund may under-perform compared to other investment funds with substantially similar investment objectives and approaches. Such systemic risks could also result in incidents or circumstances that would disrupt the normal operations of the Investment Manager, the Prime Brokers and Custodians, the Administrator, or any of the broker-dealers, which could also have negative effects on the investment performance of the Fund.

Lack of operating history

As at the date of this Private Placement Memorandum, the Fund has just commenced operations and, accordingly, has no sufficient operating history on which prospective investors may base their evaluation of future performance. Although the management team of the Investment Manager includes experienced investment professionals, they have not all previously worked together in the same capacity at the same investment

management firm. There is therefore no certainty that the investment team or the strategies that will be applied will be successful.

Accordingly, an investment in the Fund entails a high degree of risk. It cannot be assumed that the Master Fund will achieve its investment objectives.

The past investment performance of the management team of the Investment Manager and any entities with which it has been associated may not be indicative of the future results of an investment in the Fund.

In addition, the operational infrastructure and systems of the Investment Manager are newly established and will depend to a large degree on third party providers and outsourced solutions. The Investment Manager believes that its operational systems and infrastructure are appropriate for their business and based on solutions provided by reputable and experienced third party providers and governed by appropriate service level agreements. However, there can be no assurances that issues will not arise that are beyond the immediate control of the Investment Manager and that may adversely affect the Fund.

Business dependent upon key individuals

The success of the Fund is significantly dependent upon the expertise of the management team of the Investment Manager and its Affiliates. Any future unavailability of the management team (or part of it) to the Fund could have a material adverse impact on the Fund's performance. This is because the Investment Manager, to a large extent, relies on the services of certain key personnel within the management team, and the loss of professional services provided by such individuals may potentially impair the Fund's operations and the ability of the Fund to provide investment services to the Fund. In addition, where Shareholders intend to redeem Shares following a Key Person Event, redemption requests are likely to require the Investment Manager to liquidate positions more rapidly than would otherwise be desirable, which could adversely affect the realisable value of the Fund's assets.

Indemnification and exculpation

The Investment Management Agreement contains broad indemnification and exculpation provisions which limit the right of the Fund to maintain an action against the Investment Manager or its Affiliates to recover losses or costs incurred by the Fund as a result of the Investment Manager's actions or failure to act and which may permit indemnification of the Investment Manager and its Affiliates out of the Fund's assets in the event of claims against them.

The Administration Agreement contains broad indemnification and exculpation provisions which limit the right of the Fund to maintain an action against the Administrator to recover losses or costs incurred by the Fund as a result of the Administrator's actions or failure to act and which may permit indemnification of the Administrator out of the Fund's assets in the event of claims against them.

The Articles and the service agreements of the independent Directors contain broad indemnification and exculpation provisions which limit the right of the Fund to maintain an action against the Directors to recover losses or costs incurred by the Fund

as a result of the Director's actions or failure to act and which may permit indemnification of the Directors out of the Fund's assets in the event of claims against them.

Incentive Fee arrangement

Prospective investors should note that:

- (a) the fact that the Incentive Fee is calculated by reference to the Net Asset Value per Share may create an incentive for the Investment Manager to make or recommend investments that are riskier or more speculative than would be the case if it were compensated solely based on a flat percentage of capital;
- (b) the Incentive Fee will be calculated on a basis which includes unrealised appreciation as well as realised gains; and
- (c) assets that are not admitted to official listing on any stock exchange or dealt on any other recognised exchange, or, assets admitted to official listing on any stock exchange or dealt on any other recognised exchange whose last available price is, in the opinion of the Board of Directors (after consultation with the Investment Manager), not representative of their fair market value, will be valued based on the reasonably foreseeable trading price determined prudently and in good faith by or under procedures established by the Board of Directors (after consultation with the Investment Manager).

Investment selection

The Investment Manager will select investments for the Master Fund on the basis of information and data which may be available to the Investment Manager through the issuers of the securities and other instruments or through sources other than the issuers. Although the Investment Manager evaluates all such information and data and seeks independent corroboration when it considers appropriate and when it is reasonably available, the Investment Manager is not in a position to confirm the completeness, genuineness or accuracy of such information and data. As the Fund's investment strategies are heavily research and analysis-driven, any reliance on information that is incomplete, not genuine or otherwise inaccurate can adversely impact the success of the investment strategy and lead to substantial losses.

In addition, unless otherwise determined by the Board of Directors and subject to applicable laws, such information or data in connection with any investment opportunity will not be disclosed to Shareholders (including any due diligence or risk reports prepared by the Investment Manager), and neither will Shareholders have knowledge of the potential investments that the Investment Manager proposes to consummate, before the execution and completion of such investments. Accordingly, the Shareholders will need to rely on the Investment Manager's ability and judgement to identify and implement suitable investments that are consistent with the Fund's investment objectives, which aligns with the Investment Manager's intentions.

Investment strategies

The Investment Manager recognizes that any particular strategy may be incapable of remaining profitable indefinitely. Accordingly, the Investment Manager believes that its ability to achieve the Fund's investment objective will continue to depend, in part, on the Investment Manager's ability to generate and implement new investment strategies. Accordingly, there is no limitation on the investments that the Master Fund may acquire, the instruments it may trade, the markets and countries in which it may trade, or strategies that it may employ.

Extreme events

The business operations of the Investment Manager and the Fund may be substantially disrupted or prevented as a result of or arising from acts of war, trade wars, technology wars, protectionism, cyber-attacks, terrorism, insurrection, revolution, civil unrest, riots, curfews, strikes, epidemics or acts of God.

Hong Kong's National Security Law

The Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region was gazetted for promulgation on 30 June 2020 and took effect on the same day.

The introduction of the law has triggered and may in the future trigger sanctions and other measures by certain countries, and the implementation of the law and the adoption of such sanctions or measures may disrupt or limit the operations of the Investment Manager and other persons or businesses in Hong Kong which are counterparties of the Fund or the Investment Manager, to the detriment of the Fund.

Coronavirus

The 2019-20 outbreak of coronavirus disease 2019 ("**COVID-19**") began in December 2019. On 30 January 2020, the World Health Organization declared the outbreak of COVID-19 to be a public health emergency of international concern and, on 11 March 2020, characterized it as a pandemic. A large number of cases of COVID-19 have been recorded in a wide number of countries worldwide, and it is likely that COVID-19 will continue to spread.

Although it is not possible to fully predict the consequences of COVID-19, the pandemic is likely to have a material and lasting impact on the global economy. Historically, widespread outbreaks of communicable diseases have affected investment sentiment and caused sporadic volatility in global markets. Such effects will be unevenly distributed across sectors, businesses, and national economies, depending upon, amongst other things, the global distribution of detected cases of COVID-19. Whilst certain sectors, including airlines, manufacturing, retail and tourism currently appear to be worst affected, others will undoubtedly also be impacted if COVID-19 cannot be contained.

The financial impact of COVID-19 on businesses which operate, or are reliant upon suppliers or customers, in affected areas has been widely reported. Affected businesses may encounter a range of financial consequences. Investors should particularly be aware of supply-chain disruption. It is anticipated that as a result of the impact of

COVID-19 on supply-chains, manufacturing output levels are likely to be depressed. As regions around the globe become quarantined, and the flow of goods in and out of such regions is restricted, a shortage of materials and components being distributed from these areas may be created. As a result, companies who rely on international supply networks may be unable to meet consumer demand for their products. This means that, in the short-term, productivity and profit levels could be reduced. In particular, firms may encounter considerable delays in their manufacturing timelines.

In addition, solvency concerns can be exacerbated if the situation results in working capital lines being blocked, financial covenants being breached, events of default occurring and/or the triggering of termination payments or other contingent liabilities for non-performance. Any slow-down in business activity may negatively impact liquidity.

Such negative changes in the global financial markets, or the national or regional economies in which any of the investments do business, may therefore in turn have a material adverse effect on the business of the Fund or the business of any of the Master Fund's investments.

Regional and national authorities have imposed measures and may impose further measures that could cause significant interruption to the business operations of the Fund or any of its investments, including travel restrictions and business closures.

The full scope of the COVID-19 outbreak, its duration, intensity and consequences are uncertain and any resultant economic slowdown and/or negative business sentiment across markets may have a negative and long-lasting impact on the business operations and financial condition of the Investment Manager, the Fund, and the investments of the Master Fund themselves.

C. General Market and Regulatory Risks

General trading risks

All investments present a risk of loss of capital. The Master Fund's investment program may utilise such investment techniques as option transactions, swap transactions, margin transactions, short sales, contracts for differences and futures and forward contracts, using limited diversification which practices can, in certain circumstances, multiply the adverse impact to which the Master Fund may otherwise be subject. No guarantee or representation is made that the Fund's investment program will be successful.

Stock market and issuer volatility

Stock markets are volatile and can decline significantly in response to adverse issuer-specific, geopolitical, regulatory, market or economic developments. While the Investment Manager may seek to take advantage of such volatility, such volatility may also adversely affect the Fund's performance.

The Master Fund will purchase securities of specific issuers. The value of an individual security or particular type of security can be more volatile than the market as a whole and can perform differently from the value of the market as a whole.

Business and regulatory risks of hedge funds

Legal, tax and regulatory developments that may adversely affect the Fund could occur during the term of the Fund. Securities and futures markets are subject to comprehensive statutes, regulations and margin requirements enforced by the regulators and self-regulatory organizations and exchanges authorized to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial actions. The regulatory environment for private funds is evolving, and changes in the regulation of private funds and their trading activities may adversely affect the ability of the Fund to pursue its investment strategy, its ability to obtain leverage and financing and the value of investments held by the Fund. There has been an increase in governmental, as well as self-regulatory, scrutiny of the alternative investment industry in general. It is impossible to predict with certainty what, if any, changes in regulations may occur, but any regulations which restrict the ability of the Master Fund to trade in securities or the ability of the Master Fund to employ, or brokers and other counterparties to extend, credit in its trading (as well as other regulatory changes that result) could have a material adverse impact on the Master Fund's portfolio.

The Fund and the Investment Manager may also be subject to regulation in jurisdictions in which the Fund and the Investment Manager engage in business, as well as other jurisdictions. Investors should understand that the Fund's business is dynamic and is expected to change over time. Therefore, the Fund may be subject to new or additional regulatory constraints in the future. This Private Placement Memorandum cannot address or anticipate every possible current or future regulation that may affect the Investment Manager, the Fund or their businesses. Such regulations may have a significant impact on the shareholders or the operations of the Fund, including, without limitation, restricting the types of investments the Master Fund may make, preventing the Master Fund from exercising its voting rights with regard to certain financial instruments, requiring the Master Fund to disclose the identity of its investors or otherwise. The Investment Manager may, in its sole discretion, cause the Master Fund to be subject to such regulations if it believes that an investment or business activity is in the Fund's interest, even if such regulations may have a detrimental effect on one or more Shareholders. Prospective shareholders are encouraged to consult their own advisors regarding an investment in the Fund.

Regulatory filings

Given the size of certain of its positions, the Fund may be required to file disclosure reports with the regulatory authorities of various jurisdictions including, without limitation, Form 13F with the SEC, the disclosure of interests filings with The Stock Exchange of Hong Kong Limited and the relevant Hong Kong listed company, and the short position reports with the SFC. Some of these disclosure reports are publicly available and may be utilized by regulators and the Fund's competitors to the Fund's detriment.

General economic conditions

The success of any investment activity is influenced by general economic conditions, which may affect the level and volatility of interest rates and the extent and timing of

shareholder participation in the markets for both equity and interest-rate-sensitive securities. Volatility or illiquidity in the markets in which the Fund directly or indirectly holds positions could impair the Fund's ability to carry out its business and could cause it to incur losses.

Investments in Asia generally

The Master Fund will retain a bias towards the Asian markets. Many of the laws that govern private and foreign investment, equity securities transactions and other contractual relationships in certain Asian countries in which the Master Fund will invest are new and largely untested. As a result, the Master Fund may be subject to a number of unusual risks, including inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs characteristic of developed markets and lack of enforcement of existing regulations. Furthermore, it may be difficult to obtain and enforce a judgment in certain countries in which assets of the Master Fund are invested. There can be no assurance that this difficulty in protecting and enforcing rights will not have a material adverse effect on the Fund and its operations. In addition, the income and gains of the Fund may be subject to withholding taxes imposed by foreign governments for which Shareholders may not receive a full foreign tax credit.

Regulatory controls and corporate governance of companies in developing countries confer little protection on minority shareholders. Anti-fraud and anti-insider trading legislation is often rudimentary or is largely unenforced. The concept of fiduciary duty to shareholders by officers and directors is also limited when compared to such concepts in more developed markets and there is generally a greater risk of fraud by officers or controlling shareholders of companies. In certain instances, management may take significant actions without the consent of shareholders and anti-dilution protection also may be limited.

There are differences between the accounting and auditing standards, reporting practices and disclosure requirements applicable in certain Asian countries and those generally accepted internationally. In many countries in which the Master Fund is likely to invest, less audited information is available for local companies than would be customary or required for companies in more developed countries. Tax rules may change unpredictably or be subject to unforeseeable interpretation or application without prior notice, which could have an adverse effect on the Fund and its Shareholders.

Investing in entities either in, or which have a substantial portion of their operations in Asia may require the Fund to adopt special procedures, seek local government approvals or take other actions, each of which may involve additional costs to the Fund. All of the above factors could adversely affect the economy of countries in which the Fund will invest, make the prices of such countries' assets or securities generally more volatile than the prices of assets or securities in more developed countries, lead to additional fees and expenses, and increase the risk of loss to the Fund.

Special Investments

The Master Fund may make investments in unlisted securities or other instruments and hold such securities as Special Investments. By their nature, such securities or other instruments are not quoted or dealt with on any stock exchange and may only have a limited number of potential buyers. Accordingly, such investments may be difficult to value and to sell or otherwise liquidate and their realisable value may be less than their intrinsic value. The risk accompanying investment in such unlisted securities or instruments may be greater than the risk of investing in publicly traded securities. There can be no assurance that the Master Fund will be able to realise cash from such investments in a timely manner or at all. In some cases, the Master Fund may be required to obtain governmental or regulatory approvals in order to dispose of an investment, or the Master Fund may be prohibited by contract from selling investments for a period of time.

Some of the portfolio companies in which the Master Fund makes private investments may have their securities listed on a stock exchange after the Master Fund's investment. In connection with such a listing, the Master Fund would typically be required to agree not to dispose of its securities in the portfolio company for a certain period and accordingly, despite such a listing, the Master Fund's investments may remain illiquid for a significant period of time. Securities listed may have a low market capitalisation and trading volume. There can be no assurances that sales on the stock exchanges will provide a viable exit mechanism for the investments.

The Master Fund has the power to make *in specie* distributions to Shareholders and may do so in relation to private investments. Shareholders will need to bear the risk associated with such *in specie* distributions.

Investment restrictions and repatriation

The Fund may wish to make investments in countries that impose certain restrictions and controls regarding foreign direct investment, including the need to obtain prior governmental/regulatory approval or licenses, or the imposition of quotas/limits on the amount or types of investments that may be held by such foreigners. These restrictions may at times limit or preclude the Fund's investment in certain countries, despite such a potential investment satisfying the Fund's investment objectives, and may ultimately increase the Fund's total costs and expenses. In addition, certain countries may impose restrictions and controls on the repatriation of investment income and capital. As such, there can be no assurance that the Fund will be permitted to repatriate any capital or profits with respect to its investments in those countries. There is also the possibility of nationalization, expropriation or confiscatory taxation, political changes, government regulation, social instability or diplomatic developments, including war or terrorist attacks or a deficit in a country's balance of payments that may result in the imposition of temporary restrictions on foreign capital remittances.

Legal and regulatory risks

General

The regulation of the international currencies, securities and derivatives markets has undergone substantial change in recent years, and such change is expected to continue

for the foreseeable future. The effect of regulatory change on the Fund, while impossible to predict, could be substantial and adverse. The financial services industry generally, and the activities of hedge funds and their managers, in particular, has been subject to increasing legislation, regulation and oversight. As one of the consequences of the international financial crisis, a number of initiatives, both on a national and supranational level, have been announced or adopted, among them by the United States, several European governments as well as the European Union, the International Organization of Securities Commissions (IOSCO), and the Group of Twenty (G-20). It is not currently possible to predict the extent of such increasing legislation, regulation and oversight, which would potentially limit the Master Fund's investment opportunities and returns or fund raising ability and increase the Fund's and the Investment Manager's exposure to potential liabilities and to legal, compliance and other costs. Increased regulatory oversight can also impose administrative burdens on the Investment Manager, including, without limitation, responding to investigations and implementing new policies and procedures. Such burdens may divert the Investment Manager's time, attention and resources from its asset management activities. Investors in the Fund should be aware that increased legislation of the Master Fund could have substantial and adverse consequences for the Fund and its investors.

Regulatory action or changes in the legislative environment could cause the Investment Manager to re-domicile the Fund to another jurisdiction which may cause disruption and costs to the Fund and which may result in the Fund having to be domiciled in a legal and regulatory environment which is less favourable to it or to its investors than is currently the case.

Recognition of foreign judgments

There is no statutory enforcement in the Cayman Islands of judgements obtained in foreign jurisdictions (except for certain Australian jurisdictions). A judgment obtained in foreign jurisdictions will be recognised and enforced in the courts of the Cayman Islands at common law without any re-examination of the merits of the underlying dispute at common law, by an action commenced on the foreign judgement debt in the Grand Court of the Cayman Islands, provided that such judgment:

- (a) is given by a foreign court of competent jurisdiction according to Cayman Islands conflict of law rules;
- (b) imposes on the judgment debtor a liability to pay a liquidated sum for which the judgment has been given;
- (c) is final and conclusive;
- (d) is not in respect of taxes, a fine or a penalty; and
- (e) was not obtained in a manner and is not of a kind the enforcement of which is contrary to natural justice or the public policy of the Cayman Islands.

Over-the-counter, off-exchange (OTC) derivatives and structured products

The international regulatory landscape for OTC derivatives and structured products has undergone significant changes since the global financial crisis, in particular in relation

to the requirements for clearing OTC transactions with central counterparties, trade reporting, the use of collateral and enhanced capital prudential and market conduct rules. Legislation relating to OTC derivatives was adopted in the U.S. in 2010 in the form of the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**") and similar legislation has been passed or is expected to be passed in the European Union, Singapore, Japan, Hong Kong, and other countries. Over the next few years, it is expected that the trend for further regulation of the OTC derivatives market will continue in the European Union and many other jurisdictions in Asia and around the world, particularly in jurisdictions of those members of the G-20 (including the PRC, India, Indonesia, Japan and South Korea). Investors in the Fund should be aware that increased regulation of the OTC derivatives and structured products market could substantially affect the way the Master Fund trades, including the counterparties it trades with, and could lead to additional costs and exposure for the Fund.

OTC derivatives regulatory reforms

If the Master Fund enters into OTC derivatives with, among others, EU banks or financial institutions then the requirements of Regulation (EU) No. 648/2012 of the European Parliament and Council on OTC derivatives, central counterparties and trade repositories dated 4 July 2012 ("**EMIR**") will become relevant. This is because in order for the Master Fund's EU counterparty to comply with its regulatory obligations under EMIR, the Master Fund will need to co-operate with certain processes and requirements laid down by EMIR. For example, in respect of OTC derivatives with such EU entities, the Master Fund may be required by its EU counterparty to clear all "eligible" OTC derivatives through a duly authorised or recognised central counterparty (the "**clearing obligation**"). Whilst certain classes of interest rate and credit default swap OTC derivatives are due to become "eligible" classes of OTC derivatives in the foreseeable future (and therefore subject to the clearing obligation), foreign exchange OTC derivatives are not currently anticipated to be an "eligible" class of OTC derivatives in the near future.

For OTC derivatives between the Master Fund and an in-scope European counterparty that are not cleared in accordance with the clearing obligation, the European counterparty's regulatory obligations may require the Master Fund to comply with the margin posting requirement (the "**margin posting requirement**"). This requirement is subject to a phase-in period.

The Master Fund's European counterparties will require the Master Fund to undertake certain risk-mitigation techniques in respect of OTC derivatives which are not cleared by a central counterparty, including complying with requirements related to portfolio reconciliation and dispute resolution (together, the "**risk mitigation obligations**").

Many other jurisdictions have also introduced (or are introducing) a clearing obligation, margin posting requirement and risk mitigation obligations on regulated financial institutions. These jurisdictions include but are not limited to the United States, Japan, Hong Kong, Singapore and Australia. The application of these obligations and requirements to derivatives transactions entered into by the Master Fund will depend on the fact pattern and the relevant laws and regulations, which differ from jurisdiction to jurisdiction.

To the extent that they are applicable to the Master Fund, compliance with the clearing

obligation, margin posting requirement and risk mitigation obligations is likely to increase the costs and expenses associated with operating the Master Fund. Furthermore, to the extent that OTC derivatives entered into by the Master Fund are subject to the margin posting requirement or the clearing obligation, the Master Fund will be required to post assets belonging to the Master Fund to its trading counterparty or, via a clearing member, to a central counterparty. Any such requirement will reduce the assets available to the Master Fund for investment and could have an adverse effect on the returns for investors.

Qualified Financial Contracts

Recent regulations adopted by prudential regulators require counterparties of banks and other financial intermediaries that are part of U.S. or foreign global systemically important banking organizations to include contractual restrictions on close-outs and cross-defaults in agreements relating to qualified financial contracts. Qualified financial contracts include agreements relating to swaps, currency forwards and other derivatives as well as repurchase agreements and securities lending agreements. The restrictions would prevent the Master Fund from being able to close out a qualified financial contract for a specified period if the contractual counterparty is subject to resolution proceedings and could prohibit the Master Fund from exercising default rights as a result of receivership or similar proceeding of an affiliate of the contractual counterparty. These requirements may increase the Master Fund's exposure to credit and other risks.

ERISA

There can be no assurance that, notwithstanding the commercially reasonable efforts of the Investment Manager, the underlying assets of the Fund will not otherwise be deemed to include "plan assets" for purposes of Title I of ERISA or Section 4975 of the IRC and the Plan Asset Regulation. If the assets of the Fund were deemed to be "plan assets", this could result in, among other things, (i) the application of the prudence and other fiduciary standards of ERISA to investments made by the Fund and (ii) the possibility that certain transactions in which the Fund might otherwise seek to engage in the ordinary course of its business and operation could constitute non-exempt prohibited transactions under Section 406 of ERISA or Section 4975 of the IRC, which could restrict the Fund from entering into an otherwise desirable investment or from entering into an otherwise favourable transaction. In addition, fiduciaries who decide to invest in the Fund could, under certain circumstances, be liable for prohibited transactions or other violations as a result of their investment in the Fund or as co-fiduciaries for actions taken by or on behalf of the Fund or the Directors. There may be Similar Laws that may also apply to an investment in the Fund.

Consequences for Investors as a result of FATCA

The Feeder Fund may take such action as it considers necessary in relation to an investor's holding or redemption proceeds, as a result of relevant legislation and regulations, including but not limited to, FATCA, as further detailed in the section of this Private Placement Memorandum entitled "Tax Aspects". Such actions may include, but are not limited to the following:

- a) the disclosure by the Feeder Fund, the Administrator or such other service provider or delegate of the Feeder Fund, of certain information relating to an investor to the Cayman Islands Tax Information Authority or equivalent authority and any other foreign government body or other competent authority as required by FATCA. Such information may include, without limitation, confidential information such as financial information concerning an investor's investment in the Feeder Fund, and any information relating to any shareholders, principals, partners, beneficial owners (direct or indirect) or controlling persons (direct or indirect) of such investor; and
- b) the Feeder Fund may compulsorily redeem any Shares held by an investor in accordance with the terms of this Private Placement Memorandum and may deduct relevant amounts from a recalcitrant investor so that any withholding tax payable by the Feeder Fund or any related costs, debts, expenses, obligations or liabilities (whether internal or external to the Feeder Fund) are recovered from such investor(s) whose action or inaction (directly or indirectly) gave rise or contributed to such taxes, costs or liabilities. Failure by an investor to assist the Feeder Fund in meeting its obligations pursuant to FATCA may therefore result in pecuniary loss to such investor.

D. Risks associated with the Fund's investment strategy

The following sets out some of the risk factors associated with the Fund's investment strategy.

Investment methodology

The Fund may employ certain strategies that depend upon the reliability and accuracy of the Investment Manager's analytical investment processes. To the extent such investment processes (or the assumptions underlying them) do not prove to be correct, the Fund may not perform as anticipated, which could result in substantial losses.

Counterparty trading relationships and market participant risk

The Master Fund has established relationships to obtain financing, derivative intermediation and prime brokerage services that permit the Master Fund to trade in any variety of markets or asset classes over time; however, there can be no assurance that the Master Fund will be able to maintain such relationships. An inability to maintain such relationships would limit the Master Fund's trading activities and could create losses, preclude the Master Fund from engaging in certain transactions, financing, derivative intermediation and prime brokerage services and prevent the Master Fund from trading at optimal rates and terms. Moreover, a disruption in the financing, derivative intermediation and prime brokerage services provided by any such relationships before the Master Fund establishes additional relationships could have a significant adverse impact on the Master Fund's business due to the Master Fund's reliance on such counterparties.

There is the possibility that the institutions, including brokerage firms and banks, with which the Master Fund does business, trades or invests, or with whom securities may be entrusted for custody, will encounter financial difficulties or fraud that may impair the operational capabilities or the capital position of the Master Fund. Although the

Investment Manager intends to utilize multiple brokers and will regularly monitor the financial condition of such brokers, if one or more of the Master Fund's brokers were to become insolvent or the subject of liquidation proceedings (both in and out of bankruptcy), there exists the risk that the recovery of the Master Fund's securities and other assets from such a broker will be delayed or result in a recovery that is less than the value of the securities or assets originally entrusted to such broker. In addition to the risk of a counterparty or broker defaulting, there also is the risk that the Master Fund's counterparties or brokers will be required to restrict the amount of credit previously granted to the Master Fund due to their own financial difficulties, resulting in forced liquidation of substantial portions of the Master Fund's portfolio. See also "Counterparty risk in respect of prime brokers" below.

Investments in undervalued securities

The Master Fund will seek to invest in undervalued securities. The identification of investment opportunities in undervalued securities is difficult, and there are no assurances that such opportunities will be successfully recognized or acquired. While investments in undervalued securities offer the opportunity for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the Master Fund's investments may not adequately compensate for the business and financial risks assumed. In addition, the Master Fund may be required to hold such securities for a substantial period of time before realising their anticipated value. During this period, a portion of the Master Fund's capital would be committed to the securities purchased, thus possibly preventing the Master Fund from investing in other, more profitable opportunities.

Short sales

The Master Fund may engage in short selling of securities as part of its trading strategy. A short sale involves the sale of a security that the Master Fund has borrowed in the expectation of purchasing the same security (or a security exchangeable for it) at a later date at a lower price to return it to the lender. Since the borrowed securities must later be replaced by purchases at market prices in order to close out the short position, any appreciation in the price of the borrowed securities would result in a loss. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. Theoretically, the potential loss on the securities sold short is unlimited as there is no ceiling on how far the price of the security may rise. Also, a short seller may be prematurely forced out of a position due to an inability to maintain a loan of the stock which was borrowed to make the short sale. Furthermore, if the Master Fund has sold short the securities offered in an exchange offer or merger and has purchased the securities of the target company, the Master Fund is exposed to the risk that, if the transaction is not consummated, it may suffer losses with respect to its long and its short positions. The Master Fund has no policy limiting the amount of its capital it may deposit to collateralize its obligations to replace borrowed securities sold short.

In times of financial stress, regulators have in the past introduced short selling restrictions on certain types of instruments or issuers, or generally, and may introduce new or additional restrictions in the future. Such short selling bans may be introduced with no or minimal advance notice, so that market participants, including the Fund, may not be prepared for their consequences. Any such limitation on short selling can have a

material adverse impact on the Fund's investment program, including without limitation the Master Fund's ability to effectively hedge certain risks with respect to particular investment strategies or its ability to generate returns in otherwise core investment areas.

Leverage

In order to implement its investment objective, the Master Fund may use certain forms of leverage. The Master Fund has the power to borrow and may do so when deemed appropriate by the Investment Manager for any purpose, including without limitation to enhance the Fund's returns. While leverage presents opportunities for increasing total returns, it has the effect of potentially increasing losses as well, as well as causing transactional costs. Accordingly, any event which adversely affects the value of an investment by the Master Fund would be magnified to the extent leverage is employed. The cumulative effect of the use of leverage in a market that moves adversely to a leveraged investment could result in a substantial loss, which would be greater than if leverage were not used, and reduced return for the Fund.

Generally, most leveraged transactions involve the posting of collateral. Increases in the amount of margin or similar payments could result in the need for trading activity at times and prices which could be disadvantageous to the Master Fund and could result in substantial losses. The investment objective may require the use of considerable leverage. There can be no assurance that leverage facilities will always be available and a loss of, or reduction in, the leverage facilities is likely to have the effect of causing the Master Fund to reduce its overall investment exposure. Terms upon which leverage facilities are available may be subject to change.

Emerging markets

The Master Fund may invest in equities, debt, structured finance securities, portfolios of credit default swaps or instruments, individual credit default swaps and other instruments relating to issuers or creditors in emerging markets. Such investments involve risk factors and special considerations which may not be typically associated with issuers or creditors in more developed markets. Political or economic change and instability may be more likely to occur and have a greater effect on such creditors. Adverse government policies or actions, taxation, restrictions on foreign investment and on currency convertibility and repatriation, currency fluctuations and other developments in the laws and regulations of emerging countries, including expropriation, nationalisation, temporary or continuing freeze of assets or confiscation could result in loss to the Fund. The legal infrastructure and accounting, auditing and reporting standards in emerging markets may not provide the same degree of investor information or protection as would generally apply to creditors in more major markets.

Liquidity of investments

The Master Fund may make investments in markets that are volatile and which may become illiquid. Accordingly, it may be impossible (in the event of trading halts or daily price fluctuation limits on the markets traded or otherwise) or expensive for the Master Fund to liquidate positions against which the market is moving. Alternatively it may not be possible in certain circumstances for a position to be initiated or liquidated promptly (in the event of insufficient trading activity in the relevant market or

otherwise). These risks may be accentuated where the Master Fund is required to liquidate positions to meet margin requests, margin calls or other funding requirements.

Nature of certain investments

There are no limitation or minimum requirements in relation to the size or operating experience of the companies in which the Master Fund may invest. Some small companies in which the Master Fund may invest may lack management depth or the ability to generate internally or obtain externally the funds necessary for growth. Companies with new products or services could sustain significant losses if projected markets do not materialize. Further, such companies may have, or may develop, only a regional market for products or services and may be adversely affected by purely local events. Such companies may be small factors in their industries and may face intense competition from larger companies and entail a greater risk than investment in larger companies.

Concentration of holdings

The Master Fund may make certain investments that will constitute a significant percentage of the Master Fund's assets. Any losses incurred in connection with these concentrated holdings will have a significant effect on the success of the Master Fund. In addition, the Master Fund may have to hold these investments for a long period and thus may be unable to participate in other trading opportunities.

Duration of investment periods

The Investment Manager may at times need to use its discretion and subjective judgement, to determine the timing as to whether an investment position should be maintained or the point in time at which it should liquidate such a position to realise expected gains, or to reduce/avoid losses to the Master Fund. This is because the duration of investment periods are often difficult to predict with any certainty and vary significantly from one another; particularly since market factors constantly fluctuate. Frequently, to optimise the probability of being able to exploit the pricing anomalies among these positions, concentrated holdings may also be required for significant time periods, leading to opportunity costs for the Master Fund. Due to the unpredictable nature of investment periods, the Master Fund may thus not be able to maintain particular positions at the most optimal length of time to augment gains, or to reduce disadvantageous positions to the Master Fund.

Discrepancy of brokerage quotes and execution prices

Prices quoted by dealers for certain assets or instruments for some purposes may differ materially from the prices at which such dealers are willing to execute transactions in such investments. This disparity can ultimately result in unexpected losses when such assets or instruments are bought or sold at prices that differ from those quoted by dealers.

Credit analysis and credit risk of issuers

The Investment Manager may employ a deal screening process; including undertaking a detailed credit analysis on issuers in order to generate a holistic view of potential investment opportunities. As part of this process, the Investment Manager generally

relies on a rating agency's opinion regarding the issuer's credit rating and worthiness (i.e. its ability to repay debt or loans). However, such a rating may not be accurate and reflective of the future credit performance or quality of the issuer. As a result, the Master Fund may incur substantial losses in the event of credit deterioration, insolvency or bankruptcy of one or more issuers in the Master Fund's portfolio. In particular, if the credit rating of an issuer is downgraded and adversely affects the market value of their securities, the realised returns on the Master Fund's investments may, in turn, be adversely affected. While the Investment Manager may utilise various instruments to hedge against such potential credit risk, such hedging will not always be successful in offsetting the losses of the Master Fund.

Currency risk

The Fund will be valued in US Dollars. Assets and liabilities denominated in other currencies will be translated at the rate of exchange in effect at the relevant Valuation Date and translation adjustments will be reflected in the resulting valuation. Currency exchange rates generally are determined by the forces of supply and demand in the currency exchange markets and the relative merits of investment in different countries, actual or anticipated changes in interest rates and other complex factors as seen from an international perspective. Currency exchange rates can also be affected unpredictably by intervention or failure to intervene by governments or central banks or by currency controls or political developments throughout the world. Likewise, Shareholders dealing in a different local currency than US Dollars should be aware that the currency exchange rate fluctuations could cause the value of their investment to diminish. Further, transaction costs may be incurred in connection with the conversions between such other currencies and US Dollars.

Interest rate risks

The Master Fund may make investments which are exposed to interest rate risks. To the extent prevailing interest rates change, do so to a larger extent or in a different way than anticipated by the Master Fund, the Master Fund could suffer significant financial losses. Increases in interest rates may also affect the Master Fund's borrowings, having a negative impact on the Fund's profitability.

Risks relating to hedging transactions

The Master Fund may or may not use "hedged" or arbitrage strategies. The lack of hedging may result in greater losses if an unhedged investment risk is realised. Although the Master Fund does not generally intend to hedge its long positions with short positions and vice versa, if the Master Fund did decide to implement a hedging strategy, this does not necessarily mean these strategies are relatively low risk. Substantial losses may be recognised on hedge or arbitrage positions, and illiquidity and default on one side of a position can effectively result in the position being transformed into an outright speculative investment. Every hedge or arbitrage strategy involves exposure to some second order risk of the markets, such as the price spread between different classes of stock for the same issuer.

The Master Fund may engage in derivative transactions as part of its investment strategy, which includes the use of financial derivative instruments for hedging against fluctuations in the relative values of the Master Fund's portfolio positions as a result of

changes in exchange rates, interest rates, prices of underlying assets and levels of other interest rates and prices of other securities. These instruments are volatile and may be subject to various types of risks, including but not limited to market risk, liquidity risk, credit risk, counterparty risk, legal risk and operations risks.

There can be no guarantee that there will be a correlation between price movements in the instrument used and the underlying investments of the Master Fund that are being hedged through the use of the instruments. Moreover, there may be an imperfect correlation between derivative instruments used and the investments to be hedged, causing the use of a particular technique not to achieve its intended objectives. The degree of imperfection of correlation depends upon circumstances such as variations in speculative market demand, and differences between financial instruments being hedged and instruments underlying the standard contracts available for trading in such respects as interest rate levels, maturities and creditworthiness of issuers. An imperfect hedge may result in a loss of capital to the Master Fund. A decision as to whether, when and how to hedge involves exercise of skill and judgment, and even a well conceived hedge may be unsuccessful because of market behaviour or unexpected interest rate trends.

In addition, the use of derivatives can involve significant economic leverage and may, in some cases, involve significant risks of loss. The low initial margin deposits normally required to establish a position in such instruments permits leverage. As a result, a relatively small movement in the price of the underlying contract may result in a profit or a loss that is high in proportion to the amount of assets actually placed as initial margin.

The ability to use these strategies may be limited by market conditions and regulatory limits and there can be no guarantee that any of these strategies will meet their expected objectives.

Suspensions of trading

Each exchange typically has the right to suspend or limit trading in all instruments which it lists or trades. Such a suspension would render it impossible for the Investment Manager to liquidate positions and, accordingly, could expose the Fund to losses.

Technical Analysis

While the Master Fund predominantly operates a fundamentally research driven process that analyses companies across their corporate capital structure, the Investment Manager may also utilise technical factors to analyse historical price trends/action and current market data of securities to predict future market movements. Such technical strategies are subject to the risk that unexpected fundamental or other factors may dominate the market during certain periods. Moreover, a common premise behind technical analysis is that past market trends are indicative of future price movements. The influx of different market participants, structural changes in the markets, the introduction of new financial products and other developments may adversely affect any investment gains that are made based upon technical analysis.

Trade execution risk

The Master Fund may employ trading techniques that require the rapid and efficient execution of transactions. Delays in, or inefficiency in, the execution of trades may adversely impact upon the profitability of the Master Fund's positions and in certain cases cause the Master Fund to miss suitable market opportunities in its entirety.

E. Risks associated with the Fund's investments

The following sets out some of the risk factors associated with the investments of the Fund.

Equities

Equities invested in by the Master Fund may involve substantial risks and may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses. There are no absolute restrictions with regard to the size or operating experience of the companies in which the Master Fund may invest. In addition, companies in which the Master Fund may invest may lack management depth or the ability to generate internally, or obtain externally, the funds necessary for growth, and companies with new products or services could sustain significant losses if projected markets do not materialize.

Privately placed securities and other illiquid securities owned by the Master Fund may be difficult to sell, be saleable only at a substantial discount or upon registration with a regulator, and present valuation difficulties.

Fixed income securities

The Master Fund may invest in bonds or other fixed income securities, including, without limitation, commercial paper and higher yielding (including non-investment grade and, therefore, higher risk) debt securities. The Master Fund will therefore be subject to credit, liquidity and interest rate risks. Higher-yielding debt securities are generally unsecured and may be subordinated to certain other outstanding securities and obligations of the issuer, which may be secured on substantially all of the issuer's assets. The lower rating of debt obligations in the higher-yielding sector reflects a greater probability that adverse changes in the financial condition of the issuer or in general economic conditions or both may impair the ability of the issuer to make payments of principal and interest. Non-investment grade debt securities may not be protected by financial covenants or limitations on additional indebtedness. In addition, evaluating credit risk for debt securities involves uncertainty because credit rating agencies throughout the world have different standards, making comparisons across countries difficult. Also, the market for credit spreads is often inefficient and illiquid, making it difficult to accurately calculate discounting spreads for valuing financial instruments. It is likely that a major economic recession could disrupt severely the market for such securities and may have an adverse impact on the value of such securities. In addition, it is likely that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default for such securities.

Foreign exchange

The Master Fund may take long or short positions in currencies through use of currency-related derivatives such as currency options and forward contracts. Such currency transactions involve a significant degree of risk and the markets in which currency exchange transactions are effected may be highly volatile. Moreover, the general absence of high margins on currency contracts and the low cost of carrying cash positions can result in a high degree of leverage. Therefore, a relatively small price movement in a currency contract could result in immediate and substantial losses to the Fund, which may exceed the amount invested in those contracts.

Convertible securities

The Master Fund's ability to engage in convertible securities investing is extremely dependent on the availability of financing on favourable terms. A host of factors can affect both the rate of return on positions in convertible securities and the risk inherent in those returns. For example, if the issuer of the bond defaults, a portion of the investment may be lost. Similarly, a takeover of the issuer of the bonds may result in the loss of the bond premium, if any. Also, a convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security held by the Master Fund is called for redemption, the Master Fund will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third-party. The bond premium (i.e., the incremental value of the bond in excess of the value of the security into which the bond is then convertible) may also be adversely affected by movements in interest rates and a change in market sentiment.

Derivatives

The Master Fund may use derivatives, such as options, futures, swaps and contracts for difference. Substantial risks are also involved in borrowing and lending against derivatives. Derivatives prices can be volatile, market movements are difficult to predict and financing sources and related interest rates are subject to rapid change. One or more markets may move against the derivatives positions held by the Master Fund, thereby causing substantial losses. Many of these instruments are not traded on exchanges but rather through an informal network of banks and dealers who have no obligation to make markets in them and can apply essentially discretionary margin and credit requirements (and thus in effect force the Investment Manager to close out positions). In addition, some derivatives carry the additional risk of failure to perform by the counterparty to the transaction. Many unforeseeable events, such as a change of government policies, can have profound effects on interest and exchange rates, which in turn can have large and sudden effects on prices of derivative instruments.

Trading in derivative instruments can result in large amounts of operational leverage. Leverage offered by trading in derivative instruments will magnify the gains and losses experienced by the Fund and could cause the Fund's Net Asset Value to be subject to wider fluctuations than would be the case if the Master Fund did not use the leverage feature of derivative instruments.

The following is a general discussion of important risk factors and issues concerning the use of derivatives by the Master Fund.

Counterparty risk — the risk that the counterparty in a derivative transaction will be unable to honour its financial obligation to the Master Fund, or the risk that the reference entity in a credit default swap or similar derivative will not be able to honour its financial obligations. Certain participants in the derivatives market, including larger financial institutions, have experienced significant financial hardship and deteriorating credit conditions. If the Master Fund's counterparty to a derivative transaction experiences a loss of capital, or is perceived to lack adequate capital or access to capital, it may experience margin calls or other regulatory requirements to increase equity. Under such circumstances, the risk that a counterparty will be unable to honour its obligations may increase substantially. If a counterparty becomes bankrupt or otherwise fails to perform its obligations under a derivative contract, the Fund may experience significant delays in obtaining any recovery under the derivative contract in bankruptcy or other reorganization proceeding. The Fund may obtain only a limited recovery or may obtain no recovery in such circumstances. The counterparty risk for exchange-traded or cleared derivatives is generally lower than for uncleared OTC derivatives since generally a clearing organization becomes substituted for each counterparty to a cleared derivative and, in effect, guarantees the parties' performance under the contract as each party to a trade looks only to the clearing house for performance of financial obligations. However, there can be no assurance that the clearing house, or its members, will satisfy its obligations to the Master Fund. In addition, a failure by a dealer to take delivery of the underlying securities in connection with an OTC derivative transaction (for example, an option) would result in the loss of the premium paid by the Master Fund as well as the loss of the expected benefit of the transaction.

Risk of inadequate control and monitoring of the use of derivatives — Derivatives are highly specialized instruments that require investment techniques and risk analyses different from those associated with equities and bonds. The use of a derivative instrument requires an understanding not only of the underlying instrument but also of the derivative itself, without the benefit of observing the performance of the derivative under all possible market conditions. In particular, the use and complexity of derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the Fund and the ability to forecast price, interest rate or currency rate movements correctly.

Volatility risk — The value at any time, or the performance over a certain period, of a derivatives transaction, hedged or outright, often depends on the degree of fluctuation of the price of underlying assets. Changes over time in such degree of price fluctuation may materially influence the value of the derivatives transaction, namely the volatility risk. There are two types of volatility risk, the implied volatility risk and the realized volatility risk. Implied volatility risk, often called as Vega risk in option-like instruments, refers to the sensitivity of the value of a derivatives transaction to the change in the level of implied volatility of the relevant underlying asset, where such implied volatility explicitly determines the value of the derivatives in concern if other things being equal, subject to the employed valuation model and the associated exact definition of the implied volatility according to such model. The implied volatility of a price of a corporate security such as equity for instance can be affected by company-specific or market-wide factors. Realized volatility risk, often called as gamma risk, refers to the sensitivity of the delta (or the sensitivity of an asset value in concern with respect to the changes in the underlying asset price) of a derivatives transaction to the changes in the price of the relevant underlying assets. In other words, it measures the

degree of convexity (or curvature) of the value function of the derivatives transaction in concern around the spot price of the underlying asset, and how quickly the delta changes as the underlying asset price moves. Implied volatility risk and realized volatility risk are often highly related in that a change in realized volatility will often cause a change in the same direction in implied volatility. In addition, volatilities are often highly correlated across instruments within the market. If either the implied or the realized volatility moves in a direction, or to a degree, which is different than the Investment Manager would have expected, the Fund may incur losses from such derivatives transaction.

Correlation risk — When used for hedging purposes, an imperfect or variable degree of correlation between price movements of the derivative instrument and the underlying investment may prevent the Master Fund from achieving the intended hedging effect or expose the Fund to the risk of loss. The imperfect correlation between the value of a derivative and the underlying assets of the Master Fund may result in losses on the derivative transaction that are greater than the gain in the value of the underlying assets in the Master Fund's portfolio. In other cases, the performance of a derivatives transaction itself may rely on the correlation among prices, or other performance measures, of the set of underlying assets on which the payoff of such transaction is explicitly determined. For instance the relative performance of individual names in an equity, credit or other asset portfolio may be referred to in the determination of such payoff. If the realized correlation among the relevant assets does not behave as the Investment Manager expects, the Fund may incur losses from such derivatives transaction.

Dividend/Corporate Action risk — Derivatives transactions, especially in the case of options, futures and forwards, can be affected by changes in expected dividends and corporate actions. For instance convertible securities and other equity options can be adversely impacted by increases in common stock regular dividends, special dividends, distributions and rights issues. Such unexpected changes in dividends may cause losses to the Fund.

Liquidity — Derivative instruments, especially when traded in large amounts, may not be liquid in all circumstances, so that in volatile markets the Master Fund may not be able to close out a position without incurring a loss. Although both OTC and exchange-traded derivatives markets may experience the lack of liquidity, OTC non-standardized derivative transactions are generally less liquid than exchange-traded instruments, particularly because participants in OTC markets are not required to make continuous markets in the contracts they trade. The illiquidity of the derivatives markets may be due to various factors, including congestion, disorderly markets, limitations on deliverable supplies, the participation of speculators, government regulation and intervention, and technical and operational or system failures. In addition, daily limits on price fluctuations and speculative position limits on exchanges on which the Master Fund may conduct its transactions in derivative instruments may prevent prompt liquidation of positions, subjecting the Fund to the potential of greater losses.

Leverage — Trading in derivative instruments can result in large amounts of leverage. Thus, the leverage offered by trading in derivative instruments will magnify the gains and losses experienced by the Master Fund.

If the Investment Manager is incorrect in its forecasts of default risks, liquidity risk, counterparty risk, market spreads or other applicable factors related to derivatives instruments, the investment performance of the Master Fund would diminish compared with what it would have been if the derivatives investments were not used. Moreover, even if the Investment Manager is correct in its forecasts, there is a risk that a derivative position may correlate imperfectly with the price of the asset or liability being protected.

Many OTC derivatives are valued on the basis of dealers' pricing of these instruments. However, the price at which dealers value a particular derivative and the price which the same dealers would actually be willing to pay for such derivative should the Master Fund wish or be forced to sell such position may be materially different. Such differences can result in an overstatement of the Fund's Net Asset Value and may materially adversely affect the Fund in situations in which the Master Fund is required to sell derivative instruments.

If the Master Fund uses derivatives for hedging purposes, this involves certain additional risks, including: (a) dependence on the ability to predict movements in the price of the asset being hedged; (b) imperfect correlation between movements in the asset on which the derivative is based and movements in the asset being hedged; and (c) possible impediments to effective portfolio management or the ability to meet short-term obligations because of the percentage of the Master Fund's assets segregated to secure its obligations under derivative contracts. Other developments may adversely affect the cash flow associated with a hedged position. For example, the imposition of a dividend or increase in the dividend rate on a stock which is sold short could create or increase the negative cash flow associated with the hedge, or create a disparity in values between the positions held to establish the hedge. A hedged position would also be adversely affected if the Master Fund was unable to maintain its short position. This could occur if a stock loan is called in before the position is unwound. In addition, by hedging a particular position, the Master Fund may limit any potential gain from an increase in value of such position.

Futures

The Master Fund may use futures in effecting its investment strategy. Futures prices can be highly volatile. Because of the low margin deposits normally required in futures trading, an extremely high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a futures contract may result in substantial losses to the Master Fund. Like other leveraged investments, a futures transaction may result in losses in excess of the amount invested.

If the market moves against the Master Fund's position or margin levels are increased, the Master Fund may be called upon to pay substantial additional funds on short notice to maintain its position. If the Master Fund were to fail to make such payments, its position could be liquidated at a loss, and the Master Fund would be liable for any resulting deficit in its account.

Futures exchanges and/or regulators may limit the amount of fluctuation permitted in futures contract prices during a pre-set period by regulations. Once the limit has been reached in a particular contract, no trades may be made that day at a price beyond that limit or trading may be suspended for specified periods during the trading day. In addition, futures exchanges may have established positions limits on the maximum

net/gross long or short futures positions that any person may hold or control in derivatives traded on such exchanges. The Master Fund may be required to reduce the size of outstanding positions or not enter into new positions that would otherwise be taken for the Master Fund in order to comply with these limits or any future limits established by the relevant exchanges and/or regulators. Modification or liquidation of open positions held by the Master Fund, if required, could adversely affect the Fund's operations and profitability.

Forward contracts

The Master Fund may enter into forward contracts and options thereon, which, unlike futures contracts, are not traded on exchanges and are not standardized. Rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. Trading in certain cash-settled forward contracts is subject to swap regulation under the Dodd-Frank Act, which may entail increased costs and result in burdensome reporting requirements.

The counterparties who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by the Master Fund due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward (and futures) trading to less than that which the Investment Manager would otherwise recommend, to the possible detriment of the Master Fund. Market illiquidity or disruption could result in major losses to the Fund.

Options

The Master Fund may buy and sell options, and there are various risks inherent in such trading. A successful use of equity options and options on stock indices will be subject to the Investment Manager's ability to predict correctly movements in the direction of the stock market generally or of a particular industry or market segment. For example, the seller (writer) of a covered call option (e.g. the writer has a long position in the underlying security) assumes the risk of a decline in the market price of the underlying security to a level below the purchase price of the security, less the premium received on the call option. The writer of a covered call option also gives up the opportunity for gain on the underlying security above the exercise price of the call. The writer of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The buyer of a call option assumes the risk of losing the premium invested in the option. The seller (writer) of a covered put option (e.g. the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security below the exercise price of the option less the premium received on the put option. This

requires different skills and techniques than predicting changes in the price of individual stocks. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing the premium it paid to purchase the put option. The options markets have the authority to prohibit the exercise of particular options, which if imposed when trading in the option has also been halted, would lock holders and writers of that option into their positions until one of the two restrictions has been lifted. If trading is interrupted in an underlying security, the trading of options on that security is usually halted as well. Holders and writers of options will then be unable to close out their positions until options trading resumes, and they may be faced with considerable losses if the security reopens at a substantially different price. Even if options trading is halted, holders of options will generally be able to exercise them. However, if trading has also been halted in the underlying security, option holders face the risk of exercising options without knowing the security's current market value. If an option is exercised when trading of the underlying security is halted, the party required to deliver the underlying security may be unable to obtain it, which may necessitate a postponed settlement and/or the fixing of cash settlement prices.

Structured securities

The Master Fund may invest in structured securities, including subordinated tranches of such securities. In general, the risks associated with an investment in structured securities include those arising from investment in the underlying pool of mortgage loans or receivables and the risks of investing in fixed income instruments with positive duration. In addition, as an investor in subordinated structured securities in particular, the Master Fund could be the first in line among the debt holders to bear the risk of loss from delinquencies and defaults experienced on the collateral. Further, the structures used to issue these securities are often complex, unusual and difficult to analyze.

Prices of mortgage-backed and asset-backed securities and their derivatives can be highly volatile. Price movements for such securities are influenced by, among other things, changing supply and demand relationships; government, trade, fiscal, and economic events; and changes in interest rates. The yield characteristics of mortgage-backed and asset-backed securities differ from traditional debt securities. The major differences include more frequent interest and principal payments, usually monthly, and the possibility that prepayments of principal may (particularly with mortgage-backed securities) be made at any time. Prepayment rates are influenced by changes in current interest rates and a variety of other factors. In general, changes in the rate of prepayments will change the yield to maturity of the security. These differences can result in significantly greater price and yield volatility than is the case with traditional debt securities.

Regulation of OTC Derivatives

The Master Fund may enter into swap and similar transactions involving or relating to securities interests, interest rates, currencies, commodities interests, indices, prices, or other items. A swap transaction is an agreement between two parties to exchange cash flows (and sometimes principal amounts) measured by different equities, interest rates, credits, exchange rates, indices, or prices, with payments generally calculated by reference to a principal ("notional") amount or quantity.

Prior to the global financial crisis, swap transactions were individually negotiated non-standardized transactions entered into in OTC markets and were not subject to the same type of government regulation as exchange-traded instruments. As a result, many of the protections afforded to participants on organized exchanges and in a regulated environment were not available in connection with these transactions. However, the OTC derivatives markets have become subject to comprehensive statutes and regulations.

In particular, various jurisdictions around the world (e.g. the U.S., the European Union and other members of the G-20 (including for example, the PRC, India and Japan)) adopted or are making plans to adopt legislation or rules relating to OTC derivatives including requirements such as: (i) derivatives must be executed on a regulated market and a substantial portion of OTC derivatives must be submitted for clearing to regulated clearinghouses, (ii) OTC trades submitted for clearing will be subject to minimum initial and variation margin requirements set by the relevant clearinghouse, (iii) margin requirements in respect of non-cleared OTC derivatives, (iv) obligations on OTC derivatives dealers to apply business conduct standards, licensing requirements, disclosure requirements, reporting and recordkeeping requirements, transparency requirements, position limits, limitations on conflicts of interest, and other regulatory burdens, (v) requirements for appropriate procedures and arrangements to measure, monitor and mitigate operational counterparty credit risk in respect of certain OTC derivatives contracts and (vi) reporting of certain details of OTC derivative trades to trade depositories. These margin and regulatory requirements have increased the overall costs for OTC derivatives dealers and users. Dealers can be expected to try to pass those increased costs along, at least partially, to market participants such as the Fund in the form of higher fees or less advantageous dealer marks. Also, such requirements may render certain strategies in which the Fund might otherwise engage impossible or so costly that they will no longer be economical to implement.

Not all obligations in all jurisdictions have come into force by the date of this Private Placement Memorandum. As the OTC derivatives market continues to adapt to the regulations that have been and will be imposed, there may be a further increase in the overall costs of entering into and maintaining OTC derivatives contracts. The Directors and the Investment Manager will monitor the OTC derivatives regulations. However, prospective investors and Shareholders should be aware that the ongoing regulatory changes may in due course adversely affect the Fund's ability to adhere to its investment approach and achieve its investment objective.

Other non-listed securities

Investments in non-listed securities and other illiquid securities owned by the Master Fund may not have an active secondary market, may be difficult to sell, may be saleable only at a substantial discount or upon registration with a regulator, and may present valuation difficulties.

Stock Indices and Related Derivatives

The use of options on stock indices and stock index futures contracts as hedging devices involves several risks. A correlation may not exist between price movements in the stock index and price movements in the securities that are the subject of the hedge. Positions in futures contracts may be closed out only on the exchange on which they

were entered into or through a linked exchange. In addition, although the Investment Manager intends to enter into futures contracts only if an active market exists for the contracts, no assurance can be given that an active market will exist for the contracts at any particular time. Certain exchanges do not permit trading in particular contracts at prices that represent a fluctuation in price during a single day's trading beyond a certain set limit. If prices fluctuate during a single day's trading beyond those limits, the Master Fund may be prevented from promptly liquidating unfavourable positions and thus be subject to losses.

ADRs and GDRs

To achieve its investment objective, the Master Fund may purchase and sell, both long and short, equity securities of companies, including American Depository Receipts ("ADRs") and Global Depository Receipts ("GDRs"). ADRs and GDRs are negotiable receipts similar to stock certificates issued by a depository bank. The receipts evidence depository securities, which in turn evidence underlying securities of a foreign issuer deposited with a custodian bank in the foreign issuer's home country.

Investing in ADRs and GDRs involves a variety of material risks associated with international investing or investing in instruments where the underlying securities are of a foreign issuer denominated in foreign currencies.

In addition, ADRs and GDRs that represent debt securities are subject to the risk of an issuer's inability to meet principal and interest payments on debt obligations. Therefore, the Investment Manager may indirectly expose the Master Fund to credit risk by means of investing in such ADRs and GDRs.

Transaction costs related to investments

The performance of the Fund will be affected by charges related to the investments of the Fund. The Master Fund may be engaged in a high level of trading resulting in commensurately higher transaction costs. Typically, higher portfolio turnover may result in correspondingly higher transaction costs. The exact amount of brokerage and related transaction costs that will be incurred will depend upon a number of factors including the nature and frequency of the market opportunities presented, the size of transactions and the transaction rates in effect from time to time.

F. Risks associated with the Strategic Investors, Fund vehicles and service providers

The following are some of the risks associated with the Fund, the Investment Manager and other service providers of the Fund.

Strategic Investors

The Strategic Investors will make a significant investment in the Fund. The Strategic Investors' investment in the Fund should not be construed as a recommendation to other prospective investors.

One or more Strategic Investors may have the right to redeem without being subject to any Redemption Fee, Lock-Up Period or Redemption Limit under limited circumstances. Substantial redemptions by the Strategic Investors may result in

subsequent redemptions from other Shareholders needing to be funded by the disposal of the less liquid investments or at suboptimal valuations.

One or more Strategic Investors may also have a right to increase its investment in the Fund up to a specified amount.

Further, one or more Strategic Investors may have certain rights to portfolio information and advance notice of certain events that will not be available to other Shareholders. To the extent that such information may not be provided universally, or at the same time as it is required to be provided to the relevant Strategic Investor, it could give such Strategic Investor an information advantage over other Shareholders.

Financing arrangements with banks and dealers

Under certain market conditions, the Master Fund may not be able to maintain adequate financing arrangements, particularly if the Master Fund utilises a substantial amount of leverage to implement investment objectives. This is due to the fact that the use of leverage requires the Master Fund to have an available supply of credit for such purposes. As a consequence, the Master Fund may need to obtain finance from dealers (including prime brokers) who may apply discretionary margin, haircut, financing, security and collateral valuation policies in respect of such borrowings. Any changes by dealers in such financing policies, or the imposition of other credit limitations or restrictions, whether due to market circumstances, governmental, regulatory or judicial action, or otherwise, may potentially result in large margin calls, the loss of financing, forced liquidation of the Master Fund's positions at disadvantageous prices, termination of swap and repurchase agreements and cross-defaults to agreements with other dealers. Any such adverse effects may be exacerbated in the event that such limitations or restrictions are imposed with immediate effect and/or by multiple market participants at or about the same time. The imposition of such limitations or restrictions may force the Master Fund to liquidate all or part of its portfolio at disadvantageous prices. In recent times, banks and dealers have substantially curtailed financing activities and increased collateral requirements, thus forcing many hedge funds to liquidate.

Counterparty risk in respect of prime brokers

A large part of the Master Fund's assets will be held in accounts maintained for the Master Fund by its prime brokers. While the prime brokers are subject to various laws and regulations designed to protect their customers from the consequences of an insolvency of a prime broker, the actual extent of such protection may be limited due to uncertainties and contractual carve-outs. Investors should assume that the insolvency of any of the Master Fund's prime brokers would result in the loss of all or a substantial portion of the Master Fund's assets held by or through such prime broker.

Non-disclosure of investment positions

To protect the confidentiality of the Master Fund's positions, the Investment Manager will generally not disclose any or all of the Master Fund's positions in investment portfolios to Shareholders. For instance, the audited financial statements of the Master Fund will not include a detailed listing of positions held by the Master Fund due to the preservation of confidential information so that third parties are prevented from accessing and using such information to the Master Fund's detriment. Various ways in

which the disclosure and use of such information may have a material adverse impact on the Master Fund include, but are not limited to: (a) to "front run" the Master Fund on sales, or additional purchases, of such positions; (b) to make it more difficult for the Master Fund to protect its positions by withholding, or causing others to withhold, prospective trades; (c) to make it difficult for the Master Fund to acquire or borrow securities; or (d) otherwise to interfere with the Master Fund's investment objectives. The Investment Manager may, however, permit such disclosure on a selective basis to certain Shareholders, if it determines that there are sufficient confidentiality agreements and procedures in place.

Lack of segregation and rehypothecation risk

The stability and liquidity of swap transactions, forward transactions and other over-the-counter derivative transactions depend in large part on the creditworthiness of the parties to the transactions. It is expected that the Investment Manager will monitor on an ongoing basis the creditworthiness of firms (including the prime brokers and custodians) with which the Master Fund will enter into interest rate swaps, caps, floors, collars or other over-the-counter derivatives. If there is a default by the counterparty to such a transaction, the Master Fund will under most normal circumstances have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual remedies may involve delays or costs which could result in the Net Asset Value of the Master Fund being less than if the Master Fund had not entered into the transaction. Furthermore, there is a risk that any of such counterparties could become insolvent. If one or more of the Master Fund's counterparties were to become insolvent or the subject of liquidation proceedings, there is a risk that the recovery of the Master Fund's securities and other assets from such counterparty will be delayed or be of a value less than the value of the securities or assets originally entrusted to such counterparty.

The counterparty risk for cleared derivatives is generally lower than for uncleared over-the-counter derivatives since generally a clearing organization becomes substituted for each counterparty to a cleared derivative and, in effect, guarantees the parties' performance under the contract as each party to a trade looks only to the clearing house for performance of financial obligations. However, there can be no assurance that the clearing house, or its members, will satisfy its obligations to the Master Fund.

In addition, the Master 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. However, the practical effect of these laws and their application to the Master Fund's assets will be subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a counterparty, it is impossible to generalise about the effect of their insolvency on the Master Fund and its assets. Investors should assume that the insolvency of any counterparty would result in a loss to the Master Fund, which could be material.

The Prime Brokers may hold investments of the Master Fund in custody and use such assets as collateral subject to a security interest in favour of the Prime Brokers. Such assets are subject to collateral and asset reuse arrangements in favour of the Prime Brokers, subject to a maximum percentage specified in the relevant prime brokerage

agreement. The Fund may impose restrictions from time to time. The Prime Brokers may, at their option and instead of holding collateral in custody, also take full legal and beneficial ownership of investments transferred to them by the Master Fund in which case any such collateral will be held by the Prime Brokers absolutely as their property, in order to collateralize the Master Fund's obligations to the Prime Brokers. Any such collateral transferred to the Prime Brokers in this manner will not be segregated from other investments belonging to the Prime Brokers and may be available to creditors of the Prime Brokers in the event of their insolvency.

Any collateral may be sold, lent or otherwise used by the Prime Brokers for their own purposes, whereupon such collaterals will become the property of the Prime Brokers and the Master Fund will have a right against the Prime Brokers for the return of assets equivalent to the collateral so used. In relation to the Master Fund's right to the return of such collateral, the Fund will rank as an unsecured creditor and, in the event of the insolvency of the Prime Brokers, the Master Fund may not be able to recover such equivalent assets in full. In addition, the Master Fund's cash held with the Prime Brokers will not be segregated from the Prime Brokers' own cash and will be used by the Prime Brokers in the course of their business and the Master Fund will, therefore, rank as an unsecured creditor in relation thereto in the event of the insolvency of the Prime Brokers, the Master Fund may not be able to recover such equivalent assets in full.

Prime Brokers may also transfer collateral to accounts with different entities within the Prime Brokers' group, which may be unregulated entities and hence not subject to the regulatory oversight to which the Prime Brokers are subject. The lack of regulatory oversight of such unregulated entities may increase the risk that the Fund may not recover all or part of its assets, or that the recovery of such assets is delayed.

Prime Brokers will trade with an exchange as a principal on behalf of the Master Fund in a "debtor-creditor" relationship, unlike other clearing broker relationships in which the broker is merely facilitator of the transaction. Such Prime Broker could, therefore, have title to all of the assets of the Master Fund associated with the Shares (for example, the transactions that the Prime Broker has entered into on behalf of the Master Fund as principal as well as the margin payments that the Fund provides). In the event of the insolvency of such Prime Broker, the Prime Broker could default on the transactions that it has entered into as principal and the Master Fund's assets associated with the Shares could become part of the insolvent Prime Broker's estate, to the detriment of the Fund.

Failure of Futures Commission Merchants and Clearing Organizations

With respect to futures and other cleared derivatives subject to the jurisdiction of the CFTC, the Master Fund may be required to deposit funds to margin open positions with a clearing broker registered as a "futures commission merchant" ("FCM"). The Commodity Exchange Act requires an FCM to segregate all funds received from customers with respect to any orders for the purchase or sale of futures contracts and cleared swaps from the FCM's proprietary assets. Similarly, the Commodity Exchange Act requires each FCM to hold in a separate secure account all funds received from customers with respect to any orders for the purchase or sale of foreign futures contracts and segregate any such funds from the funds received with respect to domestic futures contracts. However, all funds and other property received by a clearing broker from its customers are held by the FCM on a commingled basis in an omnibus account and may

be freely accessed by the FCM, which may also invest any such funds in certain instruments permitted under the applicable regulation. There is a risk that assets deposited by the Master Fund with any swaps or futures FCM as margin for futures contracts or cleared swaps may, in certain circumstances, be used to satisfy losses of other clients of the Fund's FCM. In addition, the assets of the Master Fund might not be fully protected in the event of the Master Fund's FCM's bankruptcy, as the Master Fund would be limited to recovering only a *pro rata* share of all available funds segregated on behalf of the FCM's combined domestic customer accounts.

Similarly, the Commodity Exchange Act requires a clearing organization approved by the CFTC as a derivatives clearing organization to segregate all funds and other property received from a clearing member's clients in connection with domestic futures, swaps and options contracts from any funds held at the clearing organization to support the clearing member's proprietary trading. Nevertheless, with respect to futures and options contracts, a clearing organization may use assets of a non-defaulting customer held in an omnibus account at the clearing organization to satisfy payment obligations of a defaulting customer of the clearing member to the clearing organization. As a result, in the event of a default or the FCM's other clients or the FCM's failure to extend own funds in connection with any such default, the Master Fund would not be able to recover the full amount of assets deposited by the FCM on behalf of the Master Fund with the clearing organization.

Other counterparty risk

Many of the markets in which the Master Fund may effect its transactions are "over-the-counter" or "inter-dealer" markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. This exposes the Master Fund to the risk that a counterparty will not settle a transaction due to a credit or liquidity problem, thus causing the Fund to suffer a loss. In addition, in the case of a default, the Fund could become subject to adverse market movements while replacement transactions are executed. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Investment Manager has concentrated the Master Fund's transactions with a single counterparty or small group of counterparties. The Investment Manager is not restricted from dealing with any particular counterparty or from concentrating any or all of the Fund's transactions with one counterparty. Moreover, the Investment Manager has a limited internal credit function which evaluates the creditworthiness of its counterparties. The ability of the Investment Manager to transact business with any one or more counterparties, the lack of complete evaluation of such counterparties' financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Fund.

System risks

The Master Fund relies to a significant extent on computer systems and software used by the Investment Manager and other service providers to develop and execute investment strategies, analyse investment opportunities, price the Fund's assets, execute and settle trades, and conducting risk and operational controls. Such systems and software may be subject to errors, defects, interruptions or failure. In the event of such malfunction, the Fund may incur significant losses to the extent its or its service providers' ability to evaluate, make, hold, monitor, or dispose of investments, or to

monitor risks and operations is affected. The Investment Manager may not be in a position to verify the accuracy of the operation or results of the systems used by it or other service providers and may rely on erroneous computations or data, causing losses to the Fund. The Investment Manager is generally not liable to the Fund for such system malfunction unless caused by its own gross negligence, wilful default or fraud. Third party service providers are generally not liable to the Fund for such system malfunction even where they are caused by their own gross negligence, wilful default or fraud.

Cybersecurity risk

In recent years, hedge funds have been susceptible to cyber-attacks with a number of high-profile security breaches and vulnerabilities in the software systems used by its investment managers and other external service providers. Since the Master Fund controls a significant amount of money for the purposes of investing in underlying profitable assets and the Investment Manager and the Administrator hold sensitive personal information on its investors, the Master Fund, the Investment Manager and the Administrator may be subject to potential cyber-attacks. As a result, there is a risk that the Master Fund's, the Investment Manager's and/or the Administrator's trading strategy, market forecasts, analytical methodologies and other sensitive proprietary information may be infiltrated and disclosed to the public or sold to and used by competitors or unauthorised trades entered into, resulting in financial losses for the Master Fund. There is also a risk of theft of investor data, lock down of the Investment Manager's or the Administrator's systems or unauthorised payments being initiated.

Reliance on information from Administrator and third parties

In order to value the assets and liabilities of the Fund, the Investment Manager will rely on information provided by the Administrator or outside parties, and such persons may provide inaccurate, incomplete, not current or otherwise unreliable information. To the extent that the information received by the Fund or the Investment Manager is inaccurate or unreliable, the valuation of the Fund's assets and liabilities and ultimately the calculation of the Net Asset Value of the Fund may be inaccurate, causing the Fund to restate its accounts and causing losses to the Fund and the investors. For example, if the Net Asset Value calculated by the Administrator in any period proves to have been too high, redemptions made during that period would have been made at a redemption price which was higher than the actual Net Asset Value of the Fund, causing a loss to the remaining Shareholders. Conversely, subscriptions for Shares in the Fund made at a price lower than the actual Net Asset Value due to an incorrect Net Asset Value calculation by the Administrator would cause a loss to then existing Shareholders.

Operational risks

The Fund relies on the Investment Manager to establish appropriate systems and procedures to control operational risks relating to the management of the business of the Fund, including the evaluation, making, holding, monitoring and divesting of investments, the valuation of the Fund's assets, and the making up of the Fund's books and accounts. The Fund is dependent on being able to monitor, process and book a large number of transactions and positions on a daily basis and relies heavily on the accuracy, integrity and continuous operation of its financial and data processing systems. Errors or failures occurring in the operation of the Fund may cause the Fund to suffer significant disruption as well as liability to third parties or other financial losses.

Misconduct of service providers

Misconduct of the employees of the Investment Manager and other service providers could cause significant losses to the Fund, including the unauthorized entering into transactions, the failure to comply with operational and risk procedures, the use of sensitive information for personal trading activities, the non-compliance with applicable law or regulations, and the concealment of the foregoing, and may result in reputational damage, litigation, business disruption and/or financial losses to the Fund, for which the Investment Manager and the relevant service provider may not be liable at all or only to a limited extent.

Institutional risk

Institutions, such as brokerage firms or banks, will generally have custody of the Fund's assets. These assets will often be registered in a "street name", not in the name of the Fund. Bankruptcy or fraud at one of these institutions could impair the operational capabilities or the capital position of the Fund.

G. Risks related to an investment in the Fund

"Master-feeder" structure

The Feeder Fund invests through a "master-feeder" structure. The "master-feeder" fund structure presents certain unique risks to investors. For example, a smaller feeder fund investing in the master fund may be materially affected by the actions of a larger feeder fund investing in the master fund. If a larger feeder fund withdraws from the master fund, the remaining feeder fund may experience higher *pro rata* operating expenses, thereby producing lower returns. The master fund may become less diverse due to a redemption by a larger feeder fund, resulting in increased portfolio risk. The Master Fund is a single entity and creditors of the Master Fund may enforce claims against all assets of the Master Fund, whether these assets are attributable to the Feeder Fund or any Other Feeder Fund. Given that the Master Fund will hold and make all of the investments of the Feeder Fund, this may result in the loss of all or a significant portion of the Feeder Fund's assets.

Contagion risk

The Master Fund and the Feeder Fund have the power to issue Shares in different series or sub-series. The Articles provide for the manner in which the liabilities are to be attributed across the various series or sub-series (liabilities are to be attributed to the specific series or sub-series in respect of which the liability was incurred). However, the Feeder Fund and the Master Fund are each a single legal entity and there is no limited recourse protection for any series or sub-series, as the case may be. Accordingly, all of the assets of the relevant Fund will be available to meet all of its liabilities regardless of the series or sub-series to which such assets or liabilities are attributable. In practice, cross-series or cross sub-series liability is only expected to arise where liabilities referable to one series or sub-series are in excess of the assets referable to such series or sub-series and it is unable to meet all liabilities attributed to it. In such a case, the assets of the relevant Fund attributable to other series or sub-series may be applied to cover such liability excess and the value of the contributing series or sub-series will be reduced as a result.

Special Investments will be held by the Master Fund and there is no legal segregation with the other assets held by the Master Fund. As a result, to the extent there are liabilities incurred in respect of Special Investments which are not covered by the assets of the relevant Special Investment, such liabilities would have to be borne by the Master Fund and hence the Shareholders as a whole including Participating and non-Participating Shareholders admitted to the Fund after the Special Investment was made, even though a Shareholder may not be invested in such Special Investment.

ACCORDINGLY, SHAREHOLDERS MAY BE OBLIGED TO BEAR LOSSES IN RESPECT OF INVESTMENTS IN WHICH AND IN WHOSE PROFITS THEY ARE NOT OTHERWISE PARTICIPATING.

Subscription monies

Where a subscription for Shares is accepted, the Shares will be treated as having been issued with effect from the relevant Dealing Day notwithstanding that the subscriber for those Shares may not be entered in the Feeder Fund's register of members until after the relevant Dealing Day. The subscription monies paid by a subscriber for Shares will accordingly be subject to investment risk in the Feeder Fund from the relevant Dealing Day. The same analysis will apply when the Feeder Fund subscribes for participating shares issued by the Master Fund.

Indemnification Obligations

The Fund is generally obligated to indemnify the Directors, the Administrator, the Prime Brokers and Custodians, the Investment Manager and potentially other third parties under the various agreements entered into with such persons against any liability they or their respective Affiliates may incur in connection with their relationship with the Fund (as the case may be and subject to the terms of the relevant agreement).

Reserve for contingent liabilities

Under certain circumstances, it may be necessary to establish a reserve for contingent liabilities or withhold a portion of the Shareholder's settlement proceeds at the time of redemption, in which case the reserved portion would remain at the risk of the Fund's activities.

Risk of litigation

In the ordinary course of its business, the Fund and the Investment Manager may be subject to litigation from time to time. The outcome of litigation, which may materially adversely affect the value of the Fund, is generally impossible to anticipate, and such proceedings may continue without resolution for significant time periods. Such litigation may consume substantial amounts of the Investment Manager's time, resources and attention that may be disproportionate to the amounts at stake in the litigation.

Where the Investment Manager accumulates substantial positions in the securities of a specific company on behalf of the Fund, the Investment Manager may at times engage in a proxy fight, becoming involved in litigious proceedings or other attempts to gain control of that company. In such circumstances, the Fund may be named as a defendant

in a lawsuit or regulatory action and be subject to the costs involved. Litigation may also be commenced with respect to a security acquired by the Fund in relation to activities that took place prior to the Fund's acquisition of such security. In addition, if the Fund purchases investments through separate written contracts (as opposed to via an exchange) and such contracts contain extensive obligations on behalf of the issuer, there may be instances in which the Fund may pursue litigation in order to enforce its rights. Such litigation may be costly and may not ultimately be successful. Conversely, there is a risk that purchasers of the Fund's assets may later commence legal proceedings against the Fund for losses associated with problems that were not covered in the due diligence of such assets.

Redemptions

Where a redemption request is accepted, the Shares will be treated as having been redeemed with effect from the relevant Redemption Day irrespective of whether or not such redeeming Shareholder has been removed from the Fund's register of members 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 Articles with respect to Shares being redeemed (including any right to receive notice of, attend or vote at any meeting of the Fund) 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 Shares being redeemed). Such Shareholders will be treated as creditors of the Fund with respect to the redemption price and will rank behind ordinary creditors but ahead of Shareholders.

Effect of substantial redemptions

In the event that there are substantial redemptions of Shares, it may be more difficult for the Fund to generate the same level of profits operating on a smaller capital base. In the event that there are substantial redemptions on any date or over a short period of time, the Investment Manager may find it difficult to adjust the asset allocation and trading strategies to the suddenly reduced amounts of assets under management. This effect may be amplified if one or more of the investors in the Fund that hold substantial interests in the Fund decide to redeem all or part of their interests. Under such circumstances, in order to provide sufficient funds to pay redemptions, the Investment Manager might be required to liquidate positions at an inappropriate time or on unfavourable terms. In addition, regardless of the period of time in which redemptions occur, the resulting reduction of the Fund's Net Asset Value could make it more difficult for the Fund to generate profits or recover losses.

Early winding-up / dissolution

In the event of the early winding-up or dissolution of the Fund, the Fund would have to distribute to the Shareholders their *pro rata* interest in the assets of the Fund associated with the Shares. Certain assets associated with the Shares held by the Fund may be highly illiquid and might have little or no marketable value. It is possible that at the time of such sale or distribution, certain securities or other instruments held by the Fund would be worth less than the initial cost of such securities or other instruments, resulting in a loss to the Fund.

Absence of regulation

Neither the Feeder Fund nor the Master Fund is registered as an investment company or mutual fund under the laws of any jurisdiction other than the Cayman Islands and is therefore not supervised by any supervisory or regulatory body or subject to the rules or regulations of any such body other than the Cayman Islands Monetary Authority, which will not approve or disapprove the objectives or policies of the Fund, or its suitability as an investment for any person. Details of the regulatory requirements applicable to the Feeder Fund and the Master Fund in the Cayman Islands are set out in section 17 (*Regulatory Matters – Mutual Funds Act*).

Fees, costs and expenses

The Fund is subject to the Management Fee, the Incentive Fee and certain other fixed and contingent costs irrespective of profitability. Such fees, costs and expenses will adversely affect the Net Asset Value per Share. Prospective investors should therefore familiarise themselves with section 13 (*Fees and Expenses*).

Valuations

The Fund's valuations (i.e. the Net Asset Value calculations of the Fund and its Shares) will be calculated based on the Fund's Valuation Policy which may be based on approximations and estimates to the extent that such values cannot be obtained from quotes listed on stock exchanges, from brokers or other third party pricing sources. Prospective investors should be aware that situations involving uncertainties as to the valuation of portfolio positions of the Fund could have an adverse effect on the Net Asset Value of the Shares if judgements regarding appropriate valuations should prove incorrect.

Financial reporting

The Fund's financial statements will be prepared in accordance with U.S. GAAP. U.S. GAAP requires organisational and establishment costs to be expensed as incurred. For the purpose of calculating the net asset value for subscription and redemption purposes, the organisational or establishment expenses of the Fund, to the extent allocable to the Feeder Fund, will be amortised over a period of sixty (60) months or less at the discretion of the Board of Directors. Such accounting treatment would not be in accordance with U.S. GAAP, and the Directors may make necessary adjustments in the Fund's annual financial statements in order to be in compliance with U.S. GAAP.

Illiquidity of Shares in the Feeder Fund

The Investment Manager does not expect that an active secondary market will develop in the Shares. Further, redemptions, transfers and dealings of Shares may be suspended in certain circumstances, as set out more particularly in section 12 (*Valuation – Suspension of the determination of Net Asset Value*). Also, Shareholders' redemption rights are limited, as set out more particularly in section 3 (*Principal Terms of the Fund – Redemptions*). Shareholders may thus not be able to liquidate their investment in such circumstances and Shares may not be readily accepted as collateral for a loan.

Shares may only be transferred with the prior written consent of the Board of Directors and in consultation with the Investment Manager, whose consent may be given or withheld in its sole discretion. Consent will be withheld if the transferee is not an Eligible Investor or if such transfer would cause, or create a material likelihood that, participation in the Master Fund by Benefit Plan Investors would be deemed to be "significant" for purposes of ERISA and the Plan Asset Regulation. Further details are set out in section 10 (*Offering and Transfers of Shares – Benefit Plan Investors*).

Illiquidity or valuation issues in large positions

Although the Master Fund intends to invest largely in liquid instruments, it cannot be excluded that a position becomes illiquid or difficult to value as a result of a market event or specific circumstance affecting an issuer, among other reasons. If a substantial portion of the Master Fund's assets becomes illiquid or difficult to value, this may affect the ability of the Fund to calculate the Net Asset Value, operate redemptions or accept new subscriptions. Under the Articles, the Board of Directors has broad powers to take such action as it deems necessary to protect the Fund and the investors in such an event, including, without limitation, to (i) suspend the calculation of the Net Asset Value, the redemption of Shares or the payment of whole or part of the redemption proceeds, (ii) to pay redemption proceeds *in specie*, and/or (iii) to convert Shares of a particular series into a different series and to allocate an asset or assets to that particular series. As a result, a Shareholder may not be able to redeem, in whole or in part, its Shares, or may receive Shares representing the illiquid asset which cannot be redeemed at the option of the Shareholder, until such time as the Board of Directors determines that such measures are no longer in the best interest of the Fund and the investors.

Taxation

There are certain tax risk factors associated with an investment in the Fund, as referred to in section 15 (*Tax Aspects*), and investors are urged to consult with their own tax advisers before making an investment in the Fund.

A summary of tax aspects of the Cayman Islands and the United States is contained in section 15 (*Tax Aspects*).

PRC

The Master Fund may invest in securities in the PRC through the qualified foreign investor ("**QFI**") regime, through financial derivative instruments and securities linked to such Chinese securities (including participation certificates/notes and/or other access products issued by third party investment banks or brokers), through the Shanghai – Hong Kong Stock Connect and/or Shenzhen – Hong Kong Stock Connect programme or through other ways of market access.

By investing in PRC securities and other permissible PRC investments prescribed by the relevant investment regulations, the Master Fund may be subject to income tax, value-added tax, stamp duty and other taxes imposed in the PRC. The Master Fund will be responsible for any PRC enterprise income tax ("**EIT**") and other taxes and surcharges as may be imposed in the PRC with respect to the Fund's investment in the PRC.

The information below is a summary of certain areas of PRC taxation which are likely to be relevant to the Fund and should not be taken as a definitive, authoritative or comprehensive statement of the relevant matter. In particular, there are various other taxes, duties, levies and charges which are generally of less significance but may nevertheless be applicable to the Fund. In addition, the tax rules applicable to the previous qualified foreign institutional investors ("**QFII**") and Renminbi qualified foreign institutional investors ("**RQFII**") schemes will continue to apply to the QFI regime before any new rules or clarifications are released by tax authorities.

EIT

With regard to EIT on dividends, the State Taxation Administration ("**STA**") issued Circular Guoshuihan [2009] No. 47 clarifying that QFIIs (currently QFIs) are subject to PRC EIT at the rate of 10% on dividends and interest income received from the PRC, subject to applicable relief under applicable double tax treaty/arrangements, if any.

Pursuant to the *Circular on Tax Policies Related to the Shanghai-Hong Kong Stock Connect* (Circular Caishui [2014] No.81) promulgated by the PRC Ministry of Finance ("**MOF**"), STA and CSRC on 31 October 2014 and effective from 17 November 2014 ("**Circular No. 81**"), and the *Circular on Tax Policies Related to the Shenzhen-Hong Kong Stock Connect* (Circular Caishui [2016] No.127) promulgated by MOF, STA and CSRC on 5 November 2016 and effective from 5 December 2016 ("**Circular No. 127**"), dividends received by Hong Kong and overseas investors (including the Master Fund) from A-Share investment via stock connect will be subject to 10% EIT and the company distributing the dividend has the withholding obligation. If the recipient of the dividend is entitled to a lower withholding tax rate under an applicable double tax treaty or arrangement, it can apply to the tax bureau in-charge of the payer for a refund.

With regard to EIT on capital gains, under the *Circular on temporary exemption of Enterprise Income Tax on capital gains derived from the transfer of PRC equity investment assets such as PRC domestic stocks by QFII and RQFII* (Caishui [2014] No.79) jointly issued by MOF, STA and CSRC on 14 November 2014 (the "**Circular No.79**"), effective from 17 November 2014, generally QFIIs / RQFIIs (currently QFIs) without an establishment or place ("**PE**") in the PRC or having a PE in the PRC but the income so derived in the PRC is not effectively connected with such PE, shall be temporarily exempted from the EIT on the capital gains derived from the trading of PRC equity investments (including A-Shares). Pursuant to Circular No.79, capital gains realized by the Master Fund from disposal of A-Shares through QFII/RQFII (currently QFI) regime on and after 17 November 2014 shall be temporarily exempted from EIT. However, it is uncertain how long the temporary exemption will last.

The Circular No.79 does not cover gains derived from transfers of PRC debt securities. Based on the current interpretation of STA and the local tax authorities, gains derived by QFIIs and RQFIIs (currently QFIs) from disposal of debt securities in the PRC should not be treated as PRC sourced income thus should not be subject to PRC EIT. However, in the absence of formal guidance or regulations, there is no guarantee that the PRC will not levy EIT on gains from the disposal of debt securities in the future.

Under Circular No. 81 and Circular No. 127, Hong Kong market and overseas investors (including the Master Fund), both enterprises and individuals, investing in eligible A-Shares via the stock connect scheme, are exempted from EIT on capital gains derived

from the disposal of A-Shares through the stock connect scheme. However, it is uncertain when such exemption will expire and whether other PRC taxes will be applicable to the disposal of A-Shares under the stock connect scheme in the future.

Value-added Tax ("VAT") and Other Surtaxes

Pursuant to the *Circular on Business Tax Policies for Qualified Foreign Institutional Investors* (Caishui [2005] No. 155) issued jointly by STA and MOF in December 2005, gains derived by QFIIs from securities trading are exempted from business tax in the PRC.

On 24 March 2016, MOF and STA jointly released Caishui [2016] No.36 ("**Circular No. 36**") on the transformation from business tax to VAT (the "**B2V Reform**"). The B2V Reform was officially implemented on 1 May 2016.

Pursuant to Circular No. 36, gains realised from the trading of PRC marketable securities should generally be subject to VAT at 6%. However, exemption was extended to VAT for trading PRC securities by QFIIs and RQFIIs in China under Circular 36 and Caishui [2016] No. 70, a supplementary notice to Circular No. 36 issued by MOF and STA concerning the financial industry. In addition, based on Circular No. 36 and Circular No. 127, gains realized by investors (including the Master Fund) from the trading of A-Shares through the Shanghai – Hong Kong Stock Connect and Shenzhen – Hong Kong Stock Connect are exempt from VAT with effect from 1 May 2016 and 5 December 2016 respectively.

Dividends from A-Shares are not within the charging scope of VAT.

If VAT is applicable, there would be surtaxes (which include Urban Construction and Maintenance Tax, Education Surcharge and Local Education Surcharge) of up to 12% imposed on the 6 % VAT payable. In addition, there may also be other local levies such as flood prevention fee, commodity reconciliation fund and water conservancy fund, depending on the location of the mainland China companies.

Stamp Duty

Stamp Duty is levied on certain taxable documents executed or used in the PRC, such as documentation effecting the transfer of equity interests in Chinese companies, the purchase and sale of A-Shares, the purchase and sale of goods, contract documents issued for process contracting, construction contracting, property leasing, and other documents listed in the *PRC Stamp Duty Interim Regulation (2011 Amendment)*.

Stamp Duty of 0.05% is generally applicable on the transfer of equity interests in unlisted Chinese entities and foreign invested enterprises. With effect from 19 September 2008, Stamp Duty on A-Shares transactions is only imposed on the seller at the tax rate of 0.1% of the sales consideration. Such stamp duty will be imposed on Hong Kong and overseas investors (including the Master Fund) in respect of the trading of PRC A-Shares via the QFI regime or the stock connect.

General

Existing tax laws and regulations in the PRC may be revised or amended in the future. Moreover, tax laws, regulations and practice may be changed with retrospective effect.

Any of these changes may reduce the income from, and/or value of, the Shares.

In light of the uncertainty as to how gains or income that may be derived from the Master Fund's investments in the PRC will be taxed, the Master Fund and the Investment Manager reserve the right to provide for withholding tax on such gains or income and withhold tax for the account of the Master Fund. Withholding tax may already be withheld at broker/custodian level. In the event that the Master Fund or the Investment Manager considers any tax provisions of the Master Fund are not sufficient, it will consider making additional tax provision. In the event that the Master Fund or the Investment Manager is satisfied that part of the tax provisions (if any) are not required, such provisions will be released back into the Master Fund. Any tax provision, if made, will be reflected in the Net Asset Value of the Master Fund at the time of debit or release of such provision and thus will impact on the Shares at the time of debit or release of such provision.

Any provision on capital gains or income made by the Master Fund or the Investment Manager in respect of the Master Fund may be less, or may be more, than the Master Fund's actual tax liabilities.

Investors should be aware that under-accrual or over-accrual for PRC tax liabilities may impact the performance of the Fund during the period of such under-accrual or over-accrual and following any subsequent adjustments to the Net Asset Value.

Shareholders are advised to seek their own tax advice on their tax position with regard to their investment in the Fund.

It is possible that the current tax laws, regulations and practice in the PRC will change, including the possibility of taxes being applied retrospectively, and that such changes may result in higher taxation on PRC investments than currently contemplated.

Handling of mail

Mail addressed to the Master Fund or to the Feeder Fund and received at their registered office will be forwarded unopened to the forwarding address supplied by the Directors or Investment Manager to be dealt with. None of the Master Fund, the Feeder Fund, the Investment Manager and their respective Directors, officers, advisors or service providers (including the organisation which provides registered office services in the Cayman Islands) 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 Feeder Fund or Master Fund).

Side letters

There is a risk that regulators may limit the use of side letters or require the Fund to disclose the terms of side letters to other investors. As a result, the Fund and the Investment Manager (acting on its own behalf), if and when they decide to enter into side letters, may be subject to regulatory action in connection with entering into side letters, or may be forced to rescind or disclose the terms of some of the side letters, affecting the investors having entered into such side letters.

THE FOREGOING LIST OF RISK FACTORS DOES NOT PURPORT TO BE A COMPLETE EXPLANATION OF THE RISKS INVOLVED IN INVESTING IN THE FUND. POTENTIAL INVESTORS SHOULD READ THIS ENTIRE DOCUMENT AND CONSULT THEIR OWN PROFESSIONAL ADVISER BEFORE DECIDING WHETHER TO INVEST IN SHARES OF THE FUND.

H. Conflicts of interest

The Fund is subject to a number of actual and potential conflicts of interest. Certain inherent conflicts of interest arise from the fact that the Investment Manager who provides investment management, fund raising and certain administrative services to the Fund may carry on investment activities for other clients including, without limitation, other investment funds, client accounts and proprietary accounts (any of whom may be Shareholders), in which the Fund will have no interest and whose respective investment programs may or may not be substantially similar. Such activities may be in competition with the Fund and/or may involve substantial time and resources of the Investment Manager and its Affiliates. The Investment Manager and its employees will devote as much of their time to the activities of the Fund as they deem necessary and appropriate.

The portfolio strategies employed for such other investment programs could conflict with the transactions and strategies employed in managing the Fund's portfolio and affect the prices and availability of the securities and instruments in which the Fund invests. Conversely, participation in specific investment opportunities may be appropriate, at times, for both the Fund and the other investment programs. As a result, the Fund could invest in investment opportunities in which investment programs managed by the Investment Manager or its Affiliates, and their respective officers and employees, are also investing, have invested in or are divesting from. The Investment Manager will make and manage such investments on behalf of the Fund in accordance with its allocation policy.

The Investment Manager may at its discretion offer to some or all Shareholders and/or third parties to invest either alongside the Fund or separately in specific investment opportunities. When co-investment opportunities arise, the Investment Manager will allocate participation in such opportunities in its sole discretion and is not required to offer such opportunities to some or all Shareholders.

In effecting securities transactions, the Investment Manager will seek to obtain the best execution of orders. Commission rates are a component of price and are considered along with other relevant factors. In determining the broker or dealer to be used and the commission rates to be paid, the Investment Manager will consider the utility and reliability of brokerage services, including execution capability and performance, financial responsibility, investment information, market insights, other research provided by such brokers, and access to analysts, management and idea generation. Accordingly, the commissions charged by any such broker may be greater than the amount another firm might charge if the Investment Manager determines in good faith that the amount of such commissions is reasonable in relation to the value of the brokerage services and research information provided by such brokers. Consistent with the requirements of best execution, brokerage commissions on accounts may be directed to brokers in recognition of investment research and information furnished as well as for services rendered in execution of orders by such brokers.

Soft dollars

The Investment Manager will obtain products or services other than the execution of securities transactions from brokers in exchange for the direction of brokerage transactions of the Fund to the broker ("**soft dollars**"). The soft dollars may include products or services from brokers or other third parties (for example through commission sharing agreements) such as (without limitation) research and advisory services, economic and political analysis, portfolio analysis (including valuation and performance measurement), market analysis, data and quotation services, computer hardware and software incidental to the above soft dollars, and investment related publications.

It is the general policy of the Investment Manager that any "soft dollars" obtained in connection with portfolio transactions for the Fund (to the extent relevant under the Securities Exchange Act) are intended to fall within the "safe harbour" of Section 28(e) of the Securities Exchange Act. The Investment Manager will endeavour to comply with this policy at all times. Under Section 28(e) and to the extent possible and appropriate, research obtained with "soft dollars" generated by the Fund may be used by the Investment Manager to service other investment funds, client accounts and proprietary accounts it may manage in the future.

The Investment Manager intends generally to consider the amount and nature of research, execution and other services provided by brokers, as well as the extent to which such services are relied on, and attempt to allocate a portion of its brokerage credits on the basis of that consideration. The investment information received from brokers, however, may be used by the Investment Manager and its Affiliates in servicing other accounts and not all such information may be used by the Investment Manager in connection with the Fund. The Investment Manager believes that such an allocation of brokerage business may help the Fund to obtain research and execution capabilities and provides other benefits to the Fund.

Where a product or service obtained with "soft dollars" provides both research and non-research assistance to the Fund, the Fund will make a reasonable allocation of the cost which may be paid for with "soft dollars".

"Soft dollars" may not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employee salaries, or direct money payments.

At least annually the Investment Manager will provide the Fund with a statement describing its "soft dollar" practices in relation to the Fund, including a description of the goods and services received by the Investment Manager.

Other conflicts of interest

The Investment Manager has internal compliance procedures which aim to minimize conflicts of interests as a result of personal trading.

The Board of Directors, the Administrator and the Prime Brokers may also provide services to other investment programs and have similar conflicts of interest. However, each shall, at all times, pay regard to its obligation to act in the best interests of the

Fund, and the Board of Directors will ensure that all such potential conflicts of interest are resolved fairly and in the interest of Shareholders. In addition, subject to applicable law, any of the service providers (including the Board of Directors) may deal, as principal or agent, with the Fund, provided that such dealings are on normal commercial terms negotiated on an arm's length basis.

It should also be noted that the Directors of the Feeder Fund and/or the Investment Manager may also be directors, and/or members, and/or officers, and/or affiliated to directors, of the Master Fund, Other Feeder Funds and/or the Investment Manager. The Directors and/or their connected persons may also be investors.

The use of a master-feeder structure may also create a conflict of interest in that the Master Fund may structure or dispose of an investment in a manner that may not take into account the tax considerations of the Feeder Fund.

The Investment Manager will endeavour to ensure that any conflict of interest is resolved fairly. Any actual or potential conflict of interest, including for example with respect to principal and certain other related party transactions will be referred to the Board of Directors which shall then, in consultation with the Investment Manager, approve or disapprove such transaction. The Board of Directors will be authorized to review and approve transactions that may give rise to conflicts of interest and otherwise deliver the consent of the "client" pursuant to the Advisers Act, including Section 206 thereof, *provided that*, no Director which is affiliated with the Investment Manager shall be entitled to vote in any decision to deliver consent of the "client" pursuant to the Advisers Act. The Board of Directors will also be consulted in relation to any material deviation from the valuation guidelines set out in section 12 (*Valuation*).

THE ABOVE IS NOT NECESSARILY A COMPREHENSIVE LIST OF ALL POTENTIAL CONFLICTS OF INTEREST.

7. CORPORATE GOVERNANCE

Board of Directors

The Board of Directors is responsible for managing the business affairs of the Fund in accordance with the Articles and has overall responsibility for the Fund's activities. The Board of Directors may delegate certain functions to third parties subject to supervision by the Directors. In particular, the Board of Directors has delegated responsibility for managing the assets comprised in the Master Fund to the Investment Manager who is not required to, and generally will not, submit individual investment decisions for the approval of the Board of Directors, but will remain under the overall supervision of the Board of Directors.

The Board of Directors has also delegated responsibility for the administration of the Fund to the Administrator.

The Board of Directors of the Feeder Fund will meet in accordance with the Cayman Islands Monetary Authority's Statement of Guidance on Corporate Governance, or more frequently as required in the sole discretion of the Board of Directors, to supervise the conduct of the Feeder Fund's affairs. Likewise, the Master Fund's affairs will be supervised by the Master Fund's Board of Directors.

The Directors of the Feeder Fund and the Master Fund are Joshua Mincher Barlow, Stacey-Ann Kirkconnell and Yue Li. The biographical details of each director of the Feeder Fund and the Master Fund are set out as follows:

Joshua Mincher Barlow

Joshua Mincher Barlow is the Managing Director and Founder of Valhalla Fiduciary, LLC. Mr. Barlow previously was at PAAMCO from March 2006 through June 2018. Mr. Barlow was the Head of Operational Due Diligence and Accounting and the Chief Financial Officer of PAAMCO Select where he was responsible on a global basis for operational due diligence on new and existing investment fund managers and for all aspects of fund accounting, and where he served as a member and head of PAAMCO's Valuation Committee. In addition, Mr. Barlow served as board member on many of PAAMCO's Cayman Islands structured fund vehicles. From 2007 to 2008, Mr. Barlow was the Chief Financial officer of PAAMCO Europe, during which he led Business and Investment Operations for both PAAMCO Europe and PAAMCO Asia, and helped to launch PAAMCO's Singapore office. Prior to PAAMCO, Mr. Barlow was a senior auditor at Deloitte & Touche, LLP. Mr. Barlow holds the following certifications: Certified Public Accountant (CPA) and Chartered Alternative Investment Analyst (CAIA). Mr. Barlow graduated from Brigham Young University Marriott School of Business with a BS in Accounting.

The business address of Joshua Mincher Barlow is 120 Newport Center Dr., PMB #555 Newport Beach, CA 92660, United States of America.

Stacey-Ann Kirkconnell

Stacey-Ann Kirkconnell joined Richardson Greenshields of Canada Ltd. as an investment advisor in 1996. Ms. Kirkconnell later worked as a Listing Executive at the

Cayman Islands Stock Exchange (where she was seconded to the London Stock Exchange), and managed the special purpose vehicle department of an administrator in the Cayman Islands. She trained with Boxalls Attorneys-at-law (now Ogier) where she worked until August 2003.

Currently registered with the National Futures Association as a Principal and an Associated Person, Ms. Kirkconnell holds a National Commodity Futures Series 3 licence as well as a number of securities and derivatives designations from the Canadian Securities Institute. She obtained an LLB (Hons) Law Degree from the University of Liverpool and a Professional Practice Certificate from Queens University Belfast.

Ms. Kirkconnell is a member of the Cayman Finance Investment Funds Sub-Committee. She previously served as the Deputy Chairman of the Labour Tribunal of Grand Cayman 2007-2008 and as a Notary Public in the Cayman Islands from 2004-2010.

The business address of Stacey-Ann Kirkconnell is c/o Highwater Limited, Grand Pavilion Commercial Centre, 1st Floor, 802 West Bay Road, Grand Cayman, Cayman Islands.

Yue Li

See biographical details under section 4 (*Structure of the Fund – Investment Manager*) above.

Investment Manager

Under the Investment Management Agreement entered into among the Investment Manager, the Master Fund and the Feeder Fund, the Investment Manager has authority on behalf of the Master Fund to manage its investment portfolios on a discretionary basis and to carry out all ancillary actions, including but not limited to, acquiring, holding and disposing of assets on behalf of the Master Fund, exercising any rights arising in respect of their investment portfolios, borrowing, granting security and entering into contracts on behalf of the Master Fund. In addition, the Boards of Directors of the Master Fund and the Feeder Fund have delegated certain of their powers in respect of day-to-day operations of the Fund to the Investment Manager. The Investment Manager is entitled to receive a portion of the Management Fee and the Incentive Fee under the Investment Management Agreement, as referred to in section 3 (*Principal Terms of the Fund – Management Fee, Incentive Fee*).

The Investment Management Agreement has an initial term of thirty-six (36) months and is automatically renewed for subsequent terms of thirty-six (36) months each unless terminated by the Feeder Fund or the Investment Manager on not less than ninety (90) days' prior written notice before the end of a term, or unless terminated in certain other circumstances described in the Investment Management Agreement.

The Investment Management Agreement provides that the Investment Manager and the other persons named therein (each an "**Indemnified Party**") shall not be liable to the Fund for losses suffered by the Fund except where those losses result from the bad faith, actual fraud, gross negligence or wilful misconduct of such Indemnified Party, or wilful breach of the Articles, the Investment Management Agreement or any side letter by such Indemnified Party. The Investment Management Agreement further provides that

the Fund will indemnify each Indemnified Party from and against any and all losses, liabilities, damages, expenses or costs suffered, incurred or sustained by such Indemnified Party, except those resulting from (i) such Indemnified Party's bad faith, actual fraud, gross negligence or wilful misconduct, or wilful breach of the Articles, the Investment Management Agreement or any side letter by such Indemnified Party or to the extent an exclusion of liability is otherwise prohibited by applicable regulations or (ii) any disputes, claims or actions between any of the Indemnified Parties under the Investment Management Agreement.

8. OTHER SERVICE PROVIDERS

Prime Brokers and Custodians

The Master Fund has appointed Goldman Sachs International ("**GSI**") and Morgan Stanley & Co. International plc. ("**MSI**") as prime brokers and custodians.

GSI

GSI has been appointed as a Prime Broker and Custodian to the Master Fund pursuant to a prime brokerage agreement and a number of product specific supplemental documents (together the "**GS Prime Brokerage Agreement**").

GSI is authorised by the PRA and regulated by the FCA and the PRA in the conduct of its investment business, it has financial resources in excess of US\$200 million and its ultimate parent, The Goldman Sachs Group, Inc., has a specified credit rating. In its capacity as Prime Broker, GSI may execute purchase and sale orders for the Master Fund, and clear and settle such orders and orders executed by other brokers. In addition, GSI may enter into off-exchange contracts with the Master Fund as principal. GSI will also provide the Master Fund with financing lines and short selling facilities.

As Custodian, GSI will be responsible for the safekeeping of all the investments and other assets of the Master Fund delivered to it (the "**Custody Assets**") other than those transferred to GSI as collateral or margin. GSI will identify, record and hold the Custody Assets in such a manner that the identity and location thereof can be identified at any time and so that the Custody Assets shall be readily identifiable as property belonging to, and held for the benefit of, the Master Fund and as separate from any of GSI's own property.

GSI may hold the Custody Assets with a sub-custodian, depository or clearing agent, including a person connected with GSI (each a "**sub-custodian**") in a single account that is identified as belonging to customers of GSI. GSI will identify in its own books and records that part of the Custody Assets held by a sub-custodian as being held for the Master Fund. The Custody Assets should thus be unavailable to the creditors of GSI in the event of its insolvency. However, in the event of an irreconcilable shortfall following the default of any sub-custodian, the Master Fund may share in that shortfall proportionately with GSI's other customers. Assets of the Master Fund held as collateral or margin are not required to be segregated and in the event of GSI's insolvency may not be recoverable in full.

In accordance with the FCA's Custody Rules, GSI will exercise reasonable skill, care and diligence in the selection of any sub-custodian and will be responsible to the Master Fund for the duration of any sub-custody agreement for satisfying itself as to the ongoing suitability of such sub-custodian, for the maintenance of an appropriate level of supervision over such sub-custodian and for confirming by means of appropriate periodic enquiries that the obligations of such sub-custodian continue to be competently discharged.

GSI will only be responsible for losses suffered by the Master Fund as a direct result of its negligence or bad faith in the appointment and monitoring of any non-affiliated sub-custodian or nominee. Otherwise GSI will not be liable for any act or omission, or for

the solvency, of any non-affiliated sub-custodian or nominee. Notwithstanding the foregoing, GSI accepts the same level of responsibility as it does for itself for companies controlled by GSI whose business consists solely of acting as a nominee holder of investments or other property in respect of any requirements of the FCA's Custody Rules. In the case of any act or omission on the part of a sub-custodian or its agent which the Master Fund considers to involve the negligence, fraud or wilful default on the part of such sub-custodian or agent, GSI will, subject to any internal approvals, not to be arbitrarily withheld or delayed, assign to the Master Fund any rights it may have in respect of such act or omission. In the event that the Master Fund obtains legal advice that such assignment would be ineffective to enable the Master Fund to pursue its claim, then GSI will, subject to any internal approvals, not to be arbitrarily withheld or delayed, at the Master Fund's expense, claim and pursue the appropriate damages or compensation from the sub-custodian or agent on the Master Fund's behalf.

GSI will be liable for damage or loss only to the Master Fund's account(s) and only to the extent arising directly from any act or omission by GSI that constitutes negligence, fraud or wilful default. GSI will not be liable under or in connection with the GS Prime Brokerage Agreement for loss (whether direct or indirect) of business profits, revenue or of data or any indirect, consequential or incidental damages, liabilities, claims, losses, expenses, awards, proceedings and costs, in each case, regardless of whether the possibility of such damages, liabilities, claims, losses, expenses, awards, proceedings and costs was disclosed to, or could reasonably have been foreseen by, GSI and whether arising in contract, in tort or otherwise.

The Master Fund will indemnify GSI for any and all expenses, losses, damages, liabilities, demands, charges, actions and claims arising out of any act or omission on the part of the Master Fund or that result from the proper performance of GSI's obligations under the GS Prime Brokerage Agreement, except to the extent that the same is due to the negligence, fraud or wilful default of GSI.

The Master Fund's obligations to GSI are secured by way of a first fixed charge over the Custody Assets. In addition, the Master Fund's obligations to GSI in respect of any financing lines and short selling facilities will be secured by transferring to GSI of all rights, title and interest in and to certain of the Custody Assets identified for such purposes by GSI as collateral. Collateral shall pass from the Master Fund to GSI free and clear of any liens, claims, charges or encumbrances or any other interest of the Master Fund or any third party and accordingly GSI may deal with, lend, dispose of, pledge, charge or otherwise use all collateral for its own purposes and shall be obliged to redeliver equivalent collateral to the Master Fund on satisfaction by the Master Fund of all its obligations to GSI and its affiliates. The Master Fund will not be required to post collateral (excluding cash) with a market value in excess of 200 per cent of the value of the Master Fund's obligations to GSI.

Subject to the terms of the GSI Prime Brokerage Agreement, the Custody Assets may be borrowed, lent, charged or otherwise used by GSI for its own purposes, whereupon such Custody Assets will become the property of GSI or become subject to a charge in favour of GSI, as the case may be. The Master Fund will have a right against GSI for the return of equivalent assets and will rank as an unsecured creditor in relation thereto. In the event of the insolvency of GSI, the Master Fund may not be able to recover such equivalent assets in full.

Cash held or received for the Fund will be treated by GSI as client money and will be subject to the client money protections conferred by the Client Money Rules of the FCA.

GSI will have no decision-making discretion relating to the Master Fund's investments. Further, GSI shall have no obligation to review, monitor or otherwise ensure compliance by the Master Fund with the investment policies, restrictions or guidelines applicable to it or any other term or condition of the Master Fund's offering document(s). GSI is a service provider to the Master Fund and is not responsible for the preparation of this document or the activities of the Master Fund and therefore accepts no responsibility for any information contained in this document.

MSI

MSI, a member of the Morgan Stanley Group of companies, based in London, will provide prime brokerage services to the Master Fund under the terms of an International Prime Brokerage Agreement (the "**MS PB Agreement**") entered into between the Master Fund and MSI for itself and as agent for and on behalf of certain other members of the Morgan Stanley Group of companies specified in the MS PB Agreement (the "**Morgan Stanley Companies**"). These services may include the provision to the Master Fund of margin financing, clearing, settlement, stock borrowing and foreign exchange facilities. The Master Fund may also utilise MSI, other Morgan Stanley Companies and other brokers and dealers for the purposes of executing transactions for the Master Fund. MSI is authorised by the PRA and regulated by the FCA and the PRA.

MSI will also provide a custody service for all the Master Fund's investments, including documents of title or certificates evidencing title to investments, held on the books of Morgan Stanley as part of its prime brokerage function in accordance with the terms of the MS PB Agreement and the rules of the FCA. MSI may appoint sub-custodians, including the Morgan Stanley Companies, of such investments.

In accordance with FCA rules, MSI will record and hold investments held by it as custodian in such a manner that the identity and location of the investments can be determined at any time and that such investments are readily identifiable as belonging to a customer of MSI and are separately identifiable from MSI's own investments. Furthermore, in the event that any of the Master Fund's investments are registered in the name of MSI where, due to the nature of the law or market practice of jurisdictions outside the United Kingdom, it is in the Master Fund's best interests so to do or it is not feasible to do otherwise, such investments may not be segregated from MSI's own investments and in the event of MSI's default may not be as well protected.

Any cash which MSI holds or receives on the Master Fund's behalf will not be treated by MSI as client money and will not be subject to the client money protections conferred by the FCA's Client Money Rules (unless MSI has specifically agreed with or notified the Master Fund that certain cash will be given client money protection). As a consequence, the Master Fund's cash will not be segregated from MSI's own cash and will be used by MSI in the course of its investment business, and the Master Fund will therefore rank as one of MSI's general creditors in relation thereto.

As security for the payment and discharge of all liabilities of the Master Fund to MSI and the Morgan Stanley Companies, the investments and cash held MSI and each such Morgan Stanley Company will be charged by the Master Fund in their favour and will

therefore constitute collateral for the purposes of the FCA rules. Investments and cash may also be deposited by the Master Fund with MSI and other members of the Morgan Stanley Group of companies as margin and will also constitute collateral for the purposes of the FCA rules.

Subject to the terms of the MS PB Agreement, the Master Fund's investments may be borrowed, lent or otherwise used by MSI and the Morgan Stanley Companies for its or their own purposes, whereupon such investments will become the property of MSI or the relevant Morgan Stanley Company and the Master Fund will have a right against MSI and the relevant Morgan Stanley Company for the return of equivalent assets. The Master Fund will rank as an unsecured creditor in relation thereto and, in the event of the insolvency of MSI and/or the relevant Morgan Stanley Company, the Master Fund may not be able to recover such equivalent assets in full.

Neither MSI nor any Morgan Stanley Company will be liable for any loss to the Master Fund resulting from any act or omission in relation to the services provided under the terms of the MS PB Agreement unless such loss results directly from the negligence, wilful default or fraud of MSI or any Morgan Stanley Company. MSI will not be liable for the solvency, acts or omissions of any sub-custodians or other third party by whom or in whose control any of the Master Fund's investments or cash may be held. MSI and the Morgan Stanley Companies accept the same level of responsibility for nominee companies controlled by them as for their own acts. The Master Fund has agreed to indemnify MSI and the Morgan Stanley Companies against any loss suffered by, and any claims made against, them arising out of the MS PB Agreement, save where such loss or claims result primarily from the negligence, wilful default or fraud of the indemnified person.

MSI is a service provider to the Master Fund and is not responsible for the preparation of this document or the activities of the Master Fund and therefore accepts no responsibility for any information contained in this document. MSI will not participate in the Master Fund's investment decision-making process.

The Master Fund reserves the right, in its discretion, to change the prime brokerage and custodian arrangements described above including, but not limited to, the appointment of additional prime broker(s) and custodian(s).

Administrator

The Fund and Morgan Stanley Fund Services (Cayman) Ltd. (the "**Administrator**") have entered into an agreement (the "**Administration Agreement**") pursuant to which the Administrator shall provide the Fund with certain transfer agency and accounting services including, without limitation, computation of the Fund's net asset value, in exchange for a fee.

The Administrator bases its computations on the assets and liabilities reported to the Administrator by the Fund, its Prime Brokers, Custodians and Investment Manager. The Administrator will assume that these assets and liabilities represent a complete record of the Fund's investments as of the date of the Fund's accounting statements as prepared by the Administrator.

The Administrator in computing the net asset value of the Fund will use prices that are determined by the Fund in its sole discretion and described in the Administration Agreement. In particular, but without limitation, the Fund may specify pricing methodologies that the Administrator shall rely upon (such as the prices of listed, liquid securities reported on exchanges and quoted by third-party vendors) or, alternatively, the Fund may direct the Administrator to accept valuations of securities and other assets from the Investment Manager.

The prices of assets and liabilities used by the Administrator in computing the net asset value of the Fund may vary from prices that the Administrator uses in providing comparable services to other clients and from prices that affiliates of the Administrator use in connection with their customer or proprietary business. The Administrator accepts no responsibility for the accuracy of any information supplied to it by the Fund or any of its authorised representatives (including, without limitation, the Investment Manager) and is under no obligation to verify this information.

The Administrator is a service provider to the Fund and is not responsible for the information in, or preparation of, this Private Placement Memorandum or the activities of the Fund and therefore accepts no responsibility for any information contained in this Private Placement Memorandum. Other than its review of whether investors have affirmatively provided representations in their subscription document noting their capacity to invest in the Fund, the Administrator makes no independent review of the capacity and authority of investors to invest in the Fund. The Administrator is not an auditor and does not provide tax, accounting or auditing advice, nor is it a fiduciary to the Fund, the Investment Manager or the Fund's investors. The Administrator is not responsible for monitoring the Fund's portfolio to determine whether the Fund is in compliance with the investment strategy, guidelines, restrictions, risk limits, and borrowing and leverage limits set forth in this Private Placement Memorandum or as otherwise may be applicable to the Fund or the Investment Manager under applicable law; furthermore, the Administrator is not responsible for monitoring the Fund's compliance with the terms of any side letter or similar investor specific agreements that may have been made, whether relating to liquidity, transparency, valuation, or otherwise. Further, although the Administrator may process certain expenses of the Fund, the Administrator has no duty to evaluate or independently verify the payee's bank account details or the amount of any expense to determine whether such expense is reasonable or otherwise appropriate, or whether or not it is a non-trading third party expense.

The Fund has agreed to indemnify the Administrator for any claim, liability, cost or expense asserted against the Administrator in connection with the conduct of the business of the Fund under the Administration Agreement, except to the extent of the Administrator's negligence, wilful misconduct or fraud. The Administration Agreement may be terminated by either party on not less than ninety (90) days' prior written notice, although it may be terminated on shorter notice in certain circumstances as described in the Administration Agreement.

Subject to the terms of the Administration Agreement, the Administrator may employ agents, delegate or sub-contract any duties or functions it deems necessary in order to perform the fund administration services to otherwise support its business to any third parties including to its affiliate, Morgan Stanley Fund Services (Ireland) Limited on such terms and conditions as the Administrator reasonably deems appropriate. The

Fund is not authorised or supervised by regulatory authorities in Ireland. Shareholders may receive communications from, and direct communications to, Morgan Stanley Fund Services (Ireland) Limited. The Administrator is licensed as a mutual fund administrator by the Cayman Islands Monetary Authority under the Cayman Islands Mutual Funds Act (as may be amended from time to time) and as a consequence, is subject to supervision as a fund administrator by the Cayman Islands Monetary Authority.

The Administrator is an indirect subsidiary of Morgan Stanley, a global financial services firm providing services in securities, investment management and credit services with more than 1,200 offices in 36 countries. The Administrator conducts its fund administration business independently from the other financial services provided by Morgan Stanley and its affiliates.

The Master Fund reserves the right, in its discretion, to change the administration and transfer agency arrangements described above including, but not limited to, the termination of such arrangements and/or the replacement and/or appointment of other and/or additional administrators and transfer agents.

Auditor

PricewaterhouseCoopers Cayman Islands will act as auditors for the Feeder Fund and the Master Fund respectively. The engagement letter(s) entered into between PricewaterhouseCoopers Cayman Islands and the Funds may contain limitation of liability provision as well as provision indemnifying PricewaterhouseCoopers Cayman Islands in certain circumstances.

The Fund reserves the right, in its discretion, to change the arrangements with the Auditor described above including, but not limited to, the termination of such arrangements and the appointment of another Auditor.

9. CAPITAL STRUCTURE OF THE FUND

General

The Feeder Fund has an authorized share capital of US\$50,000, divided into 4,990,000 participating shares of US\$0.01 par value each and 100 Management Shares, each with a par value of US\$1.00.

Each participating share may be issued in one or more sub-series of Series A Shares, Series B Shares, Series Z Shares and Series S Shares or such other series or sub-series of Shares as the Board of Directors may decide.

Series A Shares, Series B Shares and Series Z Shares will only be issued to Eligible Investors.

Series S Shares will only be issued in relation to a Special Investment by converting another series of Shares held by a Participating Shareholder.

Please see section 3 (*Principal Terms of the Fund – Shares*) for details.

The Directors may at any time decide to discontinue the offering of any series of Shares.

Management Shares

The Management Shares carry voting rights, each Management Share conferring upon the holder thereof the right to receive notice of, and to attend and vote at, general meetings of the Feeder Fund. The Management Shares do not participate in the profits of the Feeder Fund or the Master Fund other than the right to a return of the par value of the Management Shares upon a winding-up of the Feeder Fund or the Master Fund prior to the return of any amounts in respect of the Shares.

Variation of share rights

The Articles provide that, subject to the Companies Act (as amended) of the Cayman Islands (the "**Companies Act**"), any relevant subscription agreement and the Articles, all or any of the series or class rights or other terms of offer whether set out in this Private Placement Memorandum, the Articles, any subscription agreement or otherwise (including any representations, warranties or other disclosure relating to the offer or holding of Shares) (collectively referred to as "**Share Rights**") for the time being applicable to any class or series of Shares in issue (unless otherwise provided by the terms of issue of those Shares) may (whether or not the Fund is being wound up) be varied without the consent of the holders of the issued Shares of that class, series or sub-series where such variation is considered by the Directors, not to have a material adverse effect upon such holders' Share Rights; otherwise, any such variation shall be made only with the prior consent in writing of the holders of not less than two-thirds by Net Asset Value of such Shares, or with the sanction of a resolution passed by a majority of at least two-thirds of the votes cast in person or by proxy at a separate meeting of the holders of such Shares. For the avoidance of doubt, the Directors reserve the right, notwithstanding that any such variation may not have a material adverse effect, to obtain consent from the holders of such Shares. Each subscriber for Shares will be required to agree that the terms of offer set out in the applicable Application Form and

the rights attaching to the Shares can be varied in accordance with the provisions of the Articles.

The Articles provide that, in relation to any class or series consent required pursuant to the "Variation of Share Rights" Article, the Directors in their discretion may invoke the following procedure (the "**Negative Consent Procedure**"). The Directors shall provide written notice in respect of the proposed variation (the "**Proposal**") to the Shareholders of the affected class or series (the "**Affected Shares**") and shall specify a deadline (the "**Redemption Request Date**"), which shall be no earlier than 45 days after the date of giving such notice, by which date such Shareholders may submit a written request for redemption of some or all of their Affected Shares on the Redemption Day (the "**Specified Redemption Day**") specified by the Directors in such notice. The terms of the Proposal shall be such that its specified effective date (the "**Effective Date**") shall not be on or prior to the Specified Redemption Day. Such notice shall further provide that the holders of any Affected Shares in respect of which a request for redemption has not been received by the Redemption Request Date shall, in the absence of express written refusal to consent, be deemed to have consented in writing to the Proposal (such Affected Shares being the "**Negative Consent Shares**"). For the avoidance of doubt, any Redemption Fee, Lock-Up Period and the Redemption Limit will cease to apply with respect to any such redemption on the Specified Redemption Day. In the event that the Negative Consent Procedure is followed, only the Affected Shares that have not been redeemed on the Specified Redemption Day and that are still outstanding on the Effective Date shall be considered for the purposes of determining whether the written consent majority has been obtained under the "Variation of Share Rights" Article with the holders of the Negative Consent Shares being deemed to have submitted a written consent in favour of the Proposal on the Effective Date.

Separate accounts

The Directors of the Feeder Fund have the power to establish and maintain with respect to Shares of any series and/or sub-series, a separate account to record as an internal accounting matter the allocation of the assets and liabilities to the Shareholders of any such series and/or sub-series in a manner consistent with the methodology set forth in this Private Placement Memorandum or otherwise determined by the Directors and the rights otherwise attaching to the Shares.

The proceeds from the issue of Shares of any series and/or sub-series shall be applied to the separate account established for Shares of that series and/or sub-series. In the event that the assets of a separate account referable to any series and/or sub-series are exhausted, any and all rights which any Shareholders referable to that series and/or sub-series have will be extinguished and the Shareholders referable to that series and/or sub-series will have no claim against the assets of any other separate account.

Where any asset is derived from another asset, such derivative asset shall be applied to the same separate account as the asset from which it was derived, and on each revaluation of an asset the increase or diminution in value shall be applied to the same separate account and, subject to the Articles, to no other separate account. In the case of any asset or liability which the Directors do not consider is attributable to a particular separate account, the Directors will have discretion to determine the basis upon which any such asset or liability shall be allocated between or among separate accounts.

The Directors may allocate assets and liabilities to and from separate accounts if, as a result of a creditor proceeding against certain of the assets or otherwise, a liability would be borne in a different manner from that in which it would have been borne if applied under the Articles.

The Directors may from time to time transfer an asset or liability from one separate account to another separate account provided that at the time of such transfer, allocation or exchange the Directors are of the opinion that the value in money or money's worth of each such asset or liability transferred is not significantly less or more than the value in money or money's worth received by the separate account from which such asset or liability is transferred unless otherwise provided by the Articles.

The Directors have similar powers to those described above in this section "Separate accounts" in respect of the Master Fund.

"New Issues"

To the extent that the Master Fund participates in public offerings, such offers may be made through member firms of FINRA. FINRA member firms are not permitted to sell securities in a so-called "New Issue" of securities (which is generally defined by FINRA as any initial public offering of "equity securities" within the meaning of Section 3(a)(11) of the Securities Exchange Act) to accounts in which certain persons involved in the securities industry, certain company insiders and/or certain persons associated with prospective and existing investment banking clients of FINRA members ("**Restricted Parties**") have a beneficial interest exceeding certain *de minimis* thresholds. In order to enable the Fund to participate in Restricted New Issues, the Fund will require each Shareholder to provide information to enable the Fund to determine whether the Shareholder is a Restricted Party.

Each class or series of Shares may be sub-divided into separate sub-series. When the Master Fund invests in a New Issue, the profits and losses associated with the investment will generally be allocated between the series of Shares issued to Shareholders who have certified that they are not Restricted Parties (the "**Unrestricted Series**") and the series of Shares issued to Shareholders who are Restricted Parties (or have elected to be treated as Restricted Parties) in a manner that complies with the *de minimis* exemptions available under applicable FINRA rules unless otherwise notified by the Investment Manager. The Fund expects to journal any New Issue purchased and expected to be held by the Fund from the Unrestricted Series account to the series of Shares held by Shareholders that are Restricted Parties or have elected to be treated as Restricted Parties (the "**Restricted Series**") such that all Shareholders may participate in subsequent profits and losses associated with such New Issue security. Such journaling generally occurs as soon as possible after such New Issue is purchased. The returns experienced by Shareholders of the Unrestricted Series may differ materially from those of Shareholders of the Restricted Series.

The Investment Manager reserves the right to vary its policy with respect to the allocation of New Issues as it deems appropriate for the Fund as a whole, in light of, among other things, existing interpretations of, and amendments to, the applicable FINRA rules and practical considerations, including administrative burdens and principles of fairness and equity.

Unissued Shares

Unissued shares are at the disposal of the Board of Directors who may offer, allot, grant options over or otherwise dispose of them in such manner as it may determine appropriate. There are no pre-emption rights attaching to any Shares of the Feeder Fund. No capital of the Feeder Fund is under option or agreed to be put under option.

Series accounting

Shares are issued in series, with a different sub-series being issued to each Shareholder that subscribes for Shares in the relevant series.

Additional classes or series of Shares

The Feeder Fund has the power, without providing prior notice to, or receiving consent from, existing Shareholders, to issue Shares in different classes, series and sub-series which may differ in terms of, among other things, denomination of currency, the fees charged, minimum subscription amounts, voting rights, redemption rights and other rights. The terms of such new class, series or sub-series will be determined by the Board of Directors. The Fund is under no obligation to continue to offer any particular class or series of Shares.

10. OFFERING AND TRANSFERS OF SHARES

Offerings of Shares

Applicants for Shares on any Dealing Day must send a properly completed, executed and irrevocable Application Form, including the Investor Profile Form (provided separately) for subscriptions for Shares (together with any required additional documentation including adequate anti-money laundering documentation if requested) to the Administrator by using the Administrator's secure document upload facility, by physical delivery of the completed redemption request to the Administrator at its mailing address, or by email as a scanned email attachment to the Administrator at its email address, each as set out in the Application Form, which in each case must be received by the Administrator two (2) clear Business Days prior to such Dealing Day, unless otherwise determined by the Board of Directors or the Investment Manager.

All subscription payments for Shares shall be made in US Dollars. Cleared funds in the relevant currency by bank-to-bank transfer must be received by the Administrator two (2) clear Business Days prior to the relevant Dealing Day, or such other time as the Board of Directors in its absolute discretion may in any particular case determine. Wire transfer instructions are included in the Application Form. No escrow account is used in processing subscriptions. No third party payment is permitted.

Each subscription of Shares must be made for an amount equal to or exceeding the Minimum Subscription amount, unless the Minimum Subscription amount is waived by the Board of Directors.

The Investment Manager may (under the authority provided by the Board of Directors), in its sole discretion, refuse any application for Shares from a prospective investor on behalf of the Feeder Fund, or may scale back an investor's application to a lower amount, without being required to give any reason for such refusal or reduction. Should this occur, the unused subscription monies will be returned to the applicant (to the account from which they originated), without interest and at the risk and cost of the applicant. Subscription funds received by the Fund or the Administrator on the Fund's behalf are deposited directly into an account in the name of the Fund. The Fund, the Investment Manager and the Administrator shall not be liable to any prospective subscriber for any loss or damage howsoever arising out of or in relation to the payment and deposit of subscription funds prior to the issue of Shares.

An applicant's subscription money may, for administrative efficiency and subject to the instructions of the Board of Directors, be transferred from the Feeder Fund's bank account to the Master Fund's bank or brokerage account prior to the relevant Dealing Day; provided, however, that such amount shall not be invested until the Dealing Day.

Confirmation of acceptance

The Administrator will use its reasonable efforts to acknowledge in writing all subscription requests which are received in good order. A subscriber failing to receive such written acknowledgement from the Administrator within five (5) Business Days should contact the Administrator to obtain the same. Failure to obtain such a written acknowledgement from the Administrator may delay or render the request void, unless otherwise permitted by the Investment Manager.

Each Shareholder will also receive written confirmation from the Administrator of the number of Shares issued to it and these will be recorded in the Feeder Fund's register of members, as maintained by the Administrator, its agents or affiliates. Subscription proceeds received prior to the issuance of the relevant Shares will not earn interest.

The Administrator, its affiliates or agents may not register either a subscription or transfer of Shares until they and the Fund are satisfied that all the appropriate warranties, information and requested documents (including adequate anti-money laundering documentation) have been received in respect of any such subscriber or transferee and that the subscription is for an amount equal to or exceeding the Minimum Subscription amount.

New Shares

Shares of a new series or sub-series will be issued at US\$1,000 per Share or such other issue price as may be determined by the Board of Directors. Each Shareholder will be issued its own sub-series of Shares.

Fractional Shares, rounded to the nearest six (6) decimal places, may be issued. Any rounding benefit will be retained by the Fund.

Eligibility requirement for Shareholders

Shares may not be offered, issued, or transferred, to or for the benefit of any person other than an Eligible Investor.

An "**Eligible Investor**" is any person who is either: (a) a Non-U.S. Person; (b) a Permitted U.S. Person, or (c) another person as determined by the Board of Directors, and, in each case (unless otherwise determined by the Board of Directors):

- (a) who would (or, in the case of an existing Shareholder, does) hold Shares to the value of at least the Minimum Holding;
- (b) whose acquisition or holding of Shares (whether on its own or in conjunction with any other circumstances appearing to the Investment Manager to be relevant) would (or, in the case of an existing Shareholder, does) not, in the reasonable opinion of the Investment Manager cause a legal, pecuniary, regulatory, tax or material administrative disadvantage to the Fund or to the Shareholders as a whole;
- (c) who warrants expressly at the time of investment that:
 - (i) its ordinary business or professional activity includes the buying and selling of investments whether as principal or agent; or (if a natural person), his or her individual net worth, or joint net worth with spouse, exceeds US\$1,000,000; or (if not a natural person), its assets under discretionary management exceed US\$5,000,000; and
 - (ii) it has the knowledge, expertise and experience in financial matters to evaluate the risks of investing in the Fund; and

- (iii) it is aware of the risks inherent in investing in the assets in which the Feeder Fund (through its investment in the Master Fund) will invest and the method by which the assets of the Feeder Fund (through its investment in the Master Fund) will be held and/or traded; and
 - (iv) it can bear the risk of loss of its entire investment; and
- (d) who meets any other suitability requirements (including without limitation any applicable anti-money laundering requirements), and gives any other representations and warranties set out or referred to in the Application Form.

A Permitted U.S. Person must represent that it is both (1) an "accredited investor", as defined in Rule 501(a) of Regulation D promulgated under the Securities Act, and (2) (A) a "qualified purchaser", as defined in Section 2(a)(51) of the 1940 Act and the rules and regulations promulgated thereunder or (B) a "knowledgeable employee" as defined in Rule 3c-5(a)(4) promulgated under the 1940 Act.

Suspension of offering of Shares

Subject to the Articles and unless otherwise determined by the Board of Directors, no subscriptions for Shares may take place when the calculation of the Net Asset Value applicable to such Shares has been suspended in the circumstances described in section 12 (*Valuation – Suspension of the determination of Net Asset Value*) below.

Benefit Plan Investors

Without limiting the above, the Investment Manager (under the authority provided by the Board of Directors) will refuse or scale-back subscriptions from any investor or the transfer of Shares to any investor, in each case whether or not a Permitted U.S. Person, if the admission of such investor as a Shareholder (or, in the case of an existing Shareholder increasing its subscription, the increased subscription of such Shareholder) would otherwise cause, or create a material risk that, the interests of Benefit Plan Investors in the Master Fund, directly or indirectly, would be, or be deemed to be "significant" for purposes of ERISA and the Plan Asset Regulation (i.e. to cause such interests of Benefit Plan Investors to equal or exceed 25% of the value of any class of equity interests in the Master Fund, directly or indirectly, as determined under the Plan Asset Regulation).

Transfers

Shares may only be transferred in accordance with all applicable laws, including anti-money laundering laws and regulations, and any other requirements that the Board of Directors may impose from time to time and the written consent of the Board of Directors and in consultation with the Investment Manager, whose consent may be given or withheld in their sole discretion.

Consent will be withheld if the transferee is not an Eligible Investor or if such transfer could result in the assets of the Master Fund being deemed to be "plan assets" for purposes of ERISA and the Plan Asset Regulation in the circumstances set out in this section 10 (*Offering and Transfers of Shares – Benefit Plan Investors*). Consent may also be withheld if such transfer could result in the Fund being treated as a "publicly

traded partnership" for U.S. Tax purposes. In addition, partial transfer requests by a Shareholder may be refused if, immediately following such transfer, the aggregate Net Asset Value of the transferring Shareholder's Shares would fall below the Minimum Holding.

The Administrator will use reasonable efforts to acknowledge in writing all transfer or assignment requests that are fully executed by each of the transferor and the transferee in good order. A transferor failing to receive such written acknowledgment from the Administrator within five (5) Business Days should contact the Administrator to obtain the same. Failure to obtain such a written acknowledgment from the Administrator may render the transfer void, unless otherwise permitted by the Investment Manager.

The Board of Directors or the Investment Manager may (under the authority provided by the Board of Directors), in their sole discretion, refuse any transfer request without being required to give any reason for such refusal. Purported transfers in breach of the requirements set out in this section shall not be recognised by the Investment Manager or the Board of Directors, who shall not register any such transfer.

Suspension of transfer rights

No transfers may take place when the calculation of the Net Asset Value applicable to such Shares has been suspended in the circumstances described in section 12 (*Valuation*) below.

Restriction of transfer rights

Transfers may be limited in connection with the Fund's compliance with the requirements of ERISA. Further details are set out in this section 10 (*Offering and Transfers of Shares – Benefit Plan Investors*) and in section 16 (*ERISA Matters*).

THE DIRECTORS DO NOT EXPECT THAT AN ACTIVE SECONDARY MARKET IN THE SHARES WILL DEVELOP.

11. REDEMPTION OF SHARES

Redemption restrictions

Subject to the Lock-Up Period, Redemption Limit and in the absence of any suspension of redemptions, Shareholders may generally redeem their Shares at the Redemption Price on a Redemption Day. The Lock-Up Period shall not apply with respect to any redemptions made in accordance with the Investment Manager's employee deferred bonus scheme.

Series S Shares cannot be redeemed at the option of the Shareholders.

Please refer to section 3 (*Principal Terms of the Fund – Redemptions, Redemption Fee*) for details of the Lock-Up Period, Redemption Fee and Redemption Limit.

Procedure for redemptions requested by Shareholders

To effect a redemption of Shares, a signed Redemption Request must be duly received by the Administrator at least sixty (60) calendar days prior to the relevant Redemption Day and the Administrator must have confirmed in writing, prior to such Redemption Day, that the Redemption Request is in order. For the avoidance of doubt, the relevant Redemption Day shall not be included when calculating the sixty (60) calendar days' notice.

Redemption Requests may be submitted using the Administrator's secure document upload facility, by physical delivery of the completed redemption request to its mailing address, or by email as a scanned email attachment to the Administrator at its email address, each as set out in the redemption request at least sixty (60) calendar days prior to the relevant Redemption Day. The Administrator will use reasonable efforts to acknowledge in writing all Redemption Requests which are received in good order. A redeeming Shareholder failing to receive such written acknowledgement from the Administrator within five (5) Business Days should contact the Administrator to obtain the same. Failure to obtain such a written acknowledgement from the Administrator may render the request void, unless otherwise permitted by the Investment Manager.

A Redemption Request may not be revoked once given, except as approved by the Board of Directors or the Investment Manager (under the authority provided by the Board of Directors). A Shareholder may designate the series (if applicable) from which the Shares will be redeemed. The sub-series (if applicable) to be redeemed will be selected on a "first in – first out" basis unless otherwise determined by the Board of Directors.

Notwithstanding the foregoing, no redemptions will be permitted if giving effect to such redemption would result in or create a material likelihood that the assets of the Master Fund would be considered "plan assets" for purposes of ERISA and the Plan Asset Regulation.

See section 3 (*Principal Terms of the Fund – Key Person*) for the procedure for redemptions in the event of a Key Person Event.

Distribution of redemption proceeds and holdback

Distribution of redemption proceeds, net of any Incentive Fee, Redemption Fee and any other fees or expenses payable with respect to the redeemed Shares, generally will be made within fourteen (14) Business Days after completion of valuation report and the publication of the Net Asset Value by the Administrator after the relevant Redemption Day, subject to suspension of payment of redemption proceeds, and provision of all applicable information and documentation (if any) requested by the Administrator to comply with anti-money-laundering laws and regulations or other regulatory reporting requirements.

The Board of Directors, at its discretion, may introduce a hold-back of up to five percent (5%) on redemption proceeds payable to any Shareholder redeeming all of its Shares of a certain series, to cover any subsequently discovered liabilities (actual or contingent) which would have reduced the Redemption Price of such Shares. The balance of any hold-back shall generally be settled after completion of the next audit, including the final opinion, of the Fund's annual financial statements, or earlier if so determined by the Board of Directors. No interest will be paid on any hold-back.

Distribution of redemption proceeds are usually made in cash. In exceptional circumstances, the Board of Directors may decide to make distributions *in specie* where it determines this to be in the best interests of the Fund and the Shareholders as a whole.

Redemption proceeds will be paid to the same account from which the Shareholder's investment in the Feeder Fund was originally remitted, unless the Fund agrees otherwise. Redemption proceeds will not be paid to a third party account.

Compulsory redemptions or transfers

See section 3 (*Principal Terms of the Fund – Compulsory Redemptions or Transfers*) for the circumstances under which the Board of Directors may cause the compulsory redemption or transfer of a Shareholder's Shares.

In the event of a compulsory redemption or transfer of all or some of a Shareholder's Shares, the Administrator will notify the Shareholder in writing of the following: (a) that all or a specified number or proportion of such Shareholder's Shares have been or are being redeemed; (b) the Compulsory Redemption Day upon which such redemption has occurred or will occur; and (c) if the redemption has already occurred, the price per Share at which such redemption occurred. To the extent practicable and permitted by applicable law, the Administrator will provide prior notice of a compulsory redemption or transfer to the affected Shareholder.

Shares will be redeemed at a per Share price determined by reference to the Net Asset Value per Share of the relevant series as at the Compulsory Redemption Day (after deducting any Management Fee and Incentive Fee applicable to such Shares and any legal, accounting or administrative costs associated with such compulsory redemption or transfer) and subject to applicable Redemption Fee.

Suspension of redemptions or payment of redemption proceeds

See section 3 (*Principal Terms of the Fund – Suspension of redemptions/payment of redemption proceeds*) for the circumstances under which the Board of Directors may suspend the redemption rights and/or payment of redemption proceeds.

Redemption rights and/or payment of redemption proceeds will be automatically suspended on the suspension of redemption rights and/or the payment of redemption proceeds of the Master Fund.

Any suspension of redemptions and/or payment of redemption proceeds shall take effect at such time as the Board of Directors shall, in its sole discretion, declare and, thereafter, there shall be no redemptions and/or payment of redemption proceeds (as the case may be) until the Board of Directors shall, in its sole discretion, declare any such suspension to be at an end.

All affected Shareholders will be notified promptly of any suspension of redemptions and/or payment of redemption proceeds and of any termination of such suspension and all reasonable steps will be taken to bring any suspension to an end as soon as possible.

Separately from the above, the Board of Directors may also temporarily suspend redemptions in order to effect an orderly reduction of the Fund's assets in relation to a particular series or sub-series of Shares to cash, or if the Board of Directors (in consultation with the Investment Manager) makes a determination that the investment strategy should no longer be continued, or if the Board of Directors determines that the disposal of the Fund's assets or the calculation of the Net Asset Value per Share in relation to a particular series or sub-series of Shares is not practicable or reasonable or that it would prejudice the interests of the non-redeeming Shareholders.

In addition, the Board of Directors may also suspend the payment of redemption proceeds to a Shareholder if the Board of Directors deems it necessary to do so to comply with anti-money laundering laws and regulations applicable to the Fund, the Investment Manager, the Administrator and their Affiliates, subsidiaries or associates or any of the Fund's other service providers.

The Management Fee and Incentive Fee shall continue to be paid during a suspension on the same basis as described in section 13 (*Fees and Expenses*) below.

Redemptions may be limited or required by the Investment Manager to ensure that the assets of the Master Fund are not deemed to constitute "plan assets" for purposes of ERISA and the Plan Asset Regulation.

Waiver of Restrictions

Notwithstanding any of the above, the Board of Directors in consultation with the Investment Manager, may waive the notice requirements and/or redemption restrictions, in whole or part, or permit a redemption at such time and on such terms as they, in their sole discretion, may determine.

Soft Wind Down

The Directors have the power, in the circumstances described above, to suspend the calculation of the Net Asset Value, redemptions of Shares and the payment of redemption proceeds (each a "**Suspension**"). It is anticipated that any Suspension would ordinarily be temporary. However, there may be situations in which the circumstances giving rise to the Suspension continue to be present for a considerable period of time with the result that the Directors, in consultation with the Investment Manager, consider it appropriate to keep the Suspension in place indefinitely. In certain circumstances, even where a Suspension has not been declared, the Directors may, in consultation with the Investment Manager, make a determination that the investment strategy should no longer be continued. During any such period of Suspension or having made such determination that the investment strategy should no longer be continued, the Investment Manager may recommend to the Directors that the Fund be managed with the objective of returning the Fund's assets to Shareholders in an orderly manner (an "**Orderly Realisation**"). The Directors may, in such circumstances, resolve to effect an Orderly Realisation should they determine that doing so is in the best interests of the Fund's stakeholders. Such Orderly Realisation shall not constitute a dissolution or winding up of the Fund for any purposes, but rather only the continued management of the Fund's portfolio so as to reduce such portfolio to cash (to the extent reasonably practicable, as advised by the Investment Manager) and return such cash as well as all other assets of the Fund to the Shareholders. Therefore, under an Orderly Realisation, it is expected that the Investment Manager will not be able to manage the assets of the Master Fund under its normal investment strategy and under normal operations, and in particular, diversification of assets may not be possible. The Directors shall promptly communicate to Shareholders any resolution to proceed with an Orderly Realisation of the Fund. During an Orderly Realisation, the Investment Manager may, in consultation with the Directors, take such steps as are considered appropriate in the best interests of the Fund's stakeholders to effect the Orderly Realisation. The Directors, in consultation with the Investment Manager shall establish what they consider to be a reasonable time by which the Orderly Realisation should be effected (the "**Realisation Period**"). Any resolution to undertake an Orderly Realisation and the process thereof shall be deemed to be integral to the business of the Fund and may be carried out without recourse to a formal process of liquidation under the Companies Act or any other applicable bankruptcy or insolvency regime. The Directors, in consultation with the Investment Manager, may resolve to cease the Orderly Realisation within the Realisation Period and recommence active trading if the circumstances permit a lifting of any applicable Suspension or, where no Suspension is in effect, if the circumstances are such that the investment strategy can then be continued. The Management Fee and Incentive Fee shall continue to be paid during an Orderly Realisation on the same basis as described in section 13 (*Fees and Expenses*) below.

12. VALUATION

Valuation methodology

The calculation of the Net Asset Value is delegated to the Administrator, with the Investment Manager exercising supervision and the Board of Directors retaining ultimate discretion. Any material deviation from the valuation guidelines set forth in this section 12 will be subject to the approval of the Board of Directors.

Valuation of assets and liabilities

As the Feeder Fund will invest all of its assets in the Master Fund, the value of the Feeder Fund's assets and liabilities and the Shares will directly correlate to that of the Master Fund and consequently the Administrator, subject to the supervision and ultimate discretion of the Board of Directors, will calculate the NAV in respect of both the Feeder Fund and the Master Fund in accordance with the following policies and principles subject to compliance with U.S. GAAP:

- (i) any security which is listed or quoted on any securities exchange or similar electronic system and regularly traded thereon will be valued at its official closing price on the relevant Valuation Date or, if there was no official closing price reported on such day, the mean of the bid and ask prices at the close of trading of the relevant security; and where the determination of the NAV occurs before the official closing of the relevant market, the last traded price. Where prices are available on more than one exchange or system for a particular security, the price will be the official closing price on the relevant Valuation Date on the exchange which constitutes the main market for such security or the one which the Directors in their sole discretion determine provides the fairest criteria in ascribing a value to such security;
- (ii) investments, other than securities, which are dealt in or traded through a clearing firm or an exchange or through a financial institution will be valued by reference to the most recent official settlement price quoted by that clearing house, exchange or financial institution, or, if there is no such price, by reference to the mid-price at the close of business on such day, provided that where such investments are dealt in or traded on more than one market, the Directors may determine at their discretion which market shall prevail;
- (iii) any security which is not listed or quoted on any securities exchange or similar electronic system or if, being so listed or quoted, is not regularly traded thereon or in respect of which no prices as described above are available, will be valued at its probable realisation value as determined by the Directors in good faith having regard to its cost price, the price at which any recent transaction in the security may have been effected, a valuation provided by a qualified independent third party valuer, the size of the holding having regard to the total amount of such security in issue, and such other factors as the Directors in their sole discretion deem relevant in considering a positive or negative adjustment to the valuation;
- (iv) investments, other than securities, which are not dealt in or traded through a clearing firm or an exchange or through a financial institution will be valued on

the basis of the latest available valuation provided by the relevant counterparty or a qualified independent third party valuer;

- (v) deposits will be valued at their cost plus accrued interest;
- (vi) any value (whether of an investment or cash) otherwise than in US Dollars will be converted into US Dollars at the rate (whether official or otherwise) which the Directors in their absolute discretion deem applicable as at close of business on the relevant Valuation Date, having regard, among other things, to any premium or discount which they consider may be relevant and to costs of exchange.

In the event that the quotations of certain assets held by the Master Fund should not be available for calculation of the Net Asset Value per Share (other than Dislocated Assets), each one of these quotations might be replaced by its last known quotation (provided this last known quotation is also representative) preceding the last quotation on the relevant Valuation Date or by the last appraisal of the last quotation on the relevant Valuation Date, as determined by the Investment Manager, subject to the supervision of the Board of Directors with any requested or additional information provided by the Administrator.

The Board of Directors has delegated to the Administrator the calculation of the Net Asset Value of the Fund and the Net Asset Value per Share of each series and, if applicable, sub-series, subject to the overall supervision and direction of the Board of Directors. In calculating the Net Asset Value of the Fund and the Net Asset Value per Share of each series and sub-series, the Administrator will follow the valuation policies and procedures adopted by the Fund as summarised above.

For the purpose of calculating the Net Asset Value of the Fund, the Administrator shall, and shall be entitled to, rely on, and will not be responsible for the accuracy of, financial data furnished to it by the Fund's prime broker(s), market makers and/or independent third party pricing services. The Administrator may also use and rely on industry standard financial models or other financial models approved by the Board of Directors in pricing any of the Fund's securities or other assets. If and to the extent that the Board of Directors or the Investment Manager are responsible for or otherwise involved in the pricing of any of the Fund's portfolio securities or other assets, the Administrator may accept, use and rely on such prices in calculating the Net Asset Value of the Fund and shall not be liable to the Fund in so doing.

Dislocated Assets will be valued at such value as the Board of Directors may determine, subject to the guidelines set out under the heading "Dislocated Assets" below.

Valuation of Special Investments

Given the illiquid nature of Special Investments, the Net Asset Value of the Series S Shares or sub-series of Series S Shares cannot always be determined with the same degree of certainty as would be the case with the Fund's more liquid investments. Special Investments will be valued in accordance with the Fund's Valuation Policy.

Other valuation methodology

The Board of Directors, in its sole discretion, may permit (with any requested or additional information provided by the Administrator or the Investment Manager) some other method of valuation to be used if it considers that such valuation better reflects the fair value of any asset of the Fund and is in accordance with good accounting practice.

The determination of the fair value of investments may be based on a variety of factors including, without limitation, the nature of the investments, restrictions to which the investments are subject, model-based valuation techniques, broker quotes, market valuation of similar investments, valuation of underlying components and collateral, valuation of Investments at their conversion value (taking into account conversion costs and restrictions), third party appraisals, counterparty risk, recent trading activity and other market conditions that would affect the fair value of the Investment. The amount of investments valued in this manner may change over time and may be significant.

To the extent feasible, expenses, fees and liabilities will be accrued in accordance with U.S. GAAP. Reserves may be made for estimated or accrued expenses, liabilities or contingencies.

The Fund's financial statements will be prepared in accordance with U.S. GAAP. To the extent that the valuation basis adopted by the Fund deviates from U.S. GAAP, the Board of Directors may make necessary adjustments in the annual report and financial statements of the Fund to comply with U.S. GAAP. The Board of Directors may also make other adjustments to the Fund's financial statements solely to conform to current or future U.S. GAAP for financial reporting purposes, and such adjustments will not affect the determination of the Net Asset Value of the Fund.

In the absence of bad faith or manifest error, the Net Asset Value determined in accordance with the foregoing is conclusive and binding on all Shareholders.

Suspension of the determination of Net Asset Value

See section 3 (*Principal Terms of the Fund – Suspension of Net Asset Value calculation*) for the circumstances under which the Board of Directors may suspend the determination of Net Asset Value of any series or sub-series of Shares, in whole or in part.

The determination of Net Asset Value of the Feeder Fund will be automatically suspended upon the suspension of the determination of Net Asset Value of the Master Fund.

Any suspension of the determination of Net Asset Value shall take effect at such time as the Board of Directors shall, in its sole discretion, declare and, thereafter, there shall be no determination of Net Asset Value until the Board of Directors shall, in its sole discretion, declare any such suspension to be at an end.

All affected Shareholders will be notified promptly by the Administrator of any suspension of determination of Net Asset Value and of any termination of such

suspension and all reasonable steps will be taken by the Board of Directors to bring any suspension to an end as soon as possible.

During any suspension of the determination of the NAV, the provision of any management reports to Shareholders may equally be suspended.

Dislocated Assets

In the event that one or several investments of the Master Fund (other than Special Investments) are illiquid or become subsequently illiquid through trading restrictions, trading suspensions, delisting, insolvency of the issuer, or other similar circumstances, and in the reasonable opinion of the Investment Manager lack a liquid secondary market, the Board of Directors may declare such investments to be dislocated assets ("**Dislocated Assets**") if it is in the best interests of the Fund and the Shareholders and:

- (a) value such Dislocated Assets at such value or by reference to such value, not being higher than the lower of (i) the acquisition cost, and (ii) the fair value of such Dislocated Assets;
- (b) convert (by way of redemption and reissue) the Shares attributable to such Dislocated Assets into a separate series or sub-series of Shares. The terms relating to redemption and fees applicable to such separate series of Shares shall be no less favourable than those applicable to Series S Shares. Unless otherwise determined by the Board of Directors, such separate series of Shares shall not be redeemable at the option of the Shareholders. The Shares attributable to such Dislocated Assets shall be redeemed or reconverted by the Feeder Fund upon the Dislocated Assets having being disposed of or otherwise realised, or if the Board of Directors reasonably determines that the Dislocated Assets are no longer illiquid; and/or
- (c) transfer the Dislocated Assets to one or several investment vehicles managed by the Investment Manager, and cause the redemption of the Shares of such Shareholder attributable to such Dislocated Assets in exchange for interests in such vehicle. The terms relating to redemption and fees applicable to such investment vehicles shall be no less favourable than those applicable to Series S Shares, unless otherwise agreed by the participating investors in such vehicles.

Subject to the foregoing, the Board of Directors has discretion to determine: (i) the structure, capitalisation and sources of capital for the holding of such Dislocated Assets; (ii) the terms on which existing investors may participate in Dislocated Assets; (iii) the valuation and timing at which Dislocated Assets may be invested into or exited out of, including the appointment of independent valuation agent to value the relevant Dislocated Assets; (iv) the Management Fee payable on Dislocated Assets (if any), which shall generally not exceed the lower of acquisition cost and fair value; and (v) the Incentive Fee to be paid (if any), which shall only be paid upon disposal or realisation of such Dislocated Assets.

13. FEES AND EXPENSES

Management Fee

A Management Fee will accrue monthly and will be payable by the Master Fund out of assets attributable to the Feeder Fund to the Investment Manager monthly in arrears.

See section 3 (*Principal Terms of the Fund – Management Fee*) for further details.

Incentive Fee

An Incentive Fee will be paid by the Master Fund out of the assets attributable to the Feeder Fund and calculated on an annual basis on the Calculation Date.

See section 3 (*Principal Terms of the Fund – Incentive Fee*) for further details.

Redemption Fee

Shareholders wishing to redeem their Shares prior to the expiry of the Lock-Up Period may be charged a Redemption Fee as described in section 3 (*Principal Terms of the Fund – Redemption Fee*).

The Board of Directors may in its discretion reduce or waive the charge in individual cases or generally.

Establishment and operating expenses

The Feeder Fund will be allocated all of its own and a *pro rata* share of the Master Fund's organisational expenses and investment, trading and operating expenses relating to the Feeder Fund and the Master Fund. See section 3 (*Principal Terms of the Fund – Fund Expenses*) for further details.

Generally, expenses relating solely to the Feeder Fund will be allocated to the Feeder Fund and expenses relating solely to the Other Feeder Funds will not be allocated to the Feeder Fund, unless the Board of Directors otherwise determines. Expenses which are not specifically attributable to a feeder fund will be allocated to the Feeder Fund and Other Feeder Funds *pro rata* to their respective Net Asset Value.

Such expenses, to the extent allocable to a particular series of Shares, will be shared by all of the Shareholders of the relevant series or sub-series, or if not allocable to a particular series, by all Shareholders of the Feeder Fund. The Board of Directors shall, in its sole discretion, determine the basis upon which such expenses shall be allocated.

Expenses relating to a Special Investment (which may include the net losses and/or expenses of hedging such Special Investment) will be specially allocated to the Shareholders of Series S Shares to reflect such Shareholders' *pro rata* interest in such Special Investment (based on the initial acquisition ratio). The Investment Manager may set aside reserves for costs of Special Investments which will be added to the cost of Special Investments. Ongoing costs of Special Investments which cannot be covered by reserves or income from such Special Investments may either be allocated to the series of Shares from which the relevant Series S Shares were originally converted, or

where a Series S Shareholder no longer holds other series of Shares, advanced by the Master Fund until the occurrence of a Liquidity Event.

Organisational or establishment expenses of the Fund, to the extent allocable to the Shares of the Feeder Fund, will be amortised over a sixty (60)-month period or less at the discretion of the Board of Directors. The above policy relating to organisational and establishment expenses is not in accordance with U.S. GAAP, which requires organisational and establishment expenses to be expensed as incurred. The Investment Manager believes that such treatment is more equitable to the initial investors than expensing the entire amount as it was incurred. The Investment Manager is also of the opinion that the departure is unlikely to be material to the Fund's overall financial statements. To the extent that the accounting basis adopted by the Fund does deviate from U.S. GAAP, the Directors may make U.S. GAAP conforming changes for financial reporting purposes, but amortise expenses for purposes of calculating the Fund's Net Asset Value. There will be a divergence in the Fund's fiscal year-end Net Asset Value and in the Net Asset Value reported in the Fund's financial statements in any year where U.S. GAAP conforming changes are made only to the Fund's financial statements for financial reporting purposes. If the Fund is dissolved within sixty (60) months of its respective commencement, any unamortised expenses will be recognised. If a Shareholder redeems a portion or all of their Shares prior to the end of the sixty (60)-month period during which the Fund is amortising expenses, the Directors may, but are not required to, accelerate a proportionate share of the unamortised expenses based upon the amount being redeemed and reduce redemption proceeds by the amount of such accelerated expenses.

Directors' Fees

The Directors (other than employees of the Investment Manager) may receive from the Fund director fees for serving as directors to the Fund. The Directors or any of them may, in their sole discretion, waive any or all of such fees payable to them by the Fund. The Fund will buy liability insurance for the Directors and its officers at the Fund's costs.

Placement Fees

The Investment Manager may engage placement agents for placement of Shares of the Fund. Any fees in relation to such placement shall be borne by the Investment Manager.

Investment Manager's expenses

Except as otherwise provided herein, the Investment Manager will be responsible for its own expenses incurred in providing its services to the Fund, including without limitation, expenses relating to marketing of the Fund, overhead expenses, professional insurance, facilities expenses and compensation of its employees.

Payments by the Master Fund

All fees and expenses to be allocated to the Feeder Fund will be paid by the Master Fund out of the assets attributable to the Feeder Fund.

14. **REPORTS AND NOTIFICATIONS**

Annual reports

The Feeder Fund's Financial Year end falls on 31 December each year and the last Financial Year shall end upon dissolution of the Feeder Fund. The Feeder Fund will use its reasonable efforts to furnish to each Shareholder annual reports, which will include audited accounts as of the end of each Financial Year (prepared in accordance with U.S. GAAP) together with a report from the Investment Manager, within one hundred and twenty (120) days after the Financial Year-end, or as soon as practicable thereafter. The first annual report of the Feeder Fund will be prepared for the period ended 31 December 2021.

The Master Fund's Financial Year end falls on 31 December each year.

The Investment Manager generally intends to furnish other periodic reports to Shareholders, or such other information as it may decide from time to time.

During any suspension of the determination of the NAV, the provision of any performance or management reports to Shareholders may equally be suspended.

Electronic Communication Consent

The Fund, the Investment Manager, the Administrator or any agent of the foregoing may communicate with investors (e.g. financial statements, performance reports, manager letters) by using a variety of means including, but not limited to, by telephone, e-mail, password protected Internet website, regular mail and facsimile. An investor may, at any time, notify the Fund that it does not wish to receive electronic communication and receive paper communication instead.

15. TAX ASPECTS

Cayman Islands

The Government of the Cayman Islands will not, under existing legislation, impose any income, corporate or capital gains tax, estate duty, inheritance tax, gift tax or withholding tax upon the Master Fund and the Feeder Fund or the holder of shares issued by either the Master Fund or the Feeder Fund. The Cayman Islands are not party to a double tax treaty with any country that is applicable to any payments made to or by the Master Fund or the Feeder Fund.

The Cayman Islands Financial Institution Reporting and the Automatic Exchange of Information Regime: U.S. FATCA and CRS

The Cayman Islands has entered into a Model 1 inter-governmental agreement to improve international tax compliance and the exchange of information with the United States (the "US IGA"). The Cayman Islands has also signed, along with over 100 other countries (each a "**Participating Jurisdiction**"), a multilateral competent authority agreement ("**MCAA**") or will sign bilateral competent authority agreements with certain other Participating Jurisdictions to implement the OECD Standard for Automatic Exchange of Financial Account Information – CRS (together with the US IGA, "**AEOI**").

Under the MCAA (or the relevant bilateral agreement), Participating Jurisdictions will become "Reportable Jurisdictions" once they have implemented appropriate domestic legislation, put in place the necessary administrative and IT infrastructure (both to collect and exchange information and to protect confidentiality and safeguard data) and provide the necessary notifications for exchange. Participating Jurisdictions will have to collect and exchange relevant information with the relevant Reportable Jurisdictions.

Cayman Islands regulations have been issued to give effect to the US IGA and CRS (collectively, the "**AEOI Regulations**"). Pursuant to the AEOI Regulations, the Cayman Islands Tax Information Authority (the "**TIA**") has published guidance notes on the application of the US IGA and CRS.

All Cayman Islands "Financial Institutions" are required to comply with the registration, account due diligence and reporting requirements of the AEOI Regulations, unless they are able to rely on an exemption that allows them to become a "Non-Reporting Financial Institution" (as defined in the relevant AEOI Regulations) with respect to one or more of the AEOI regimes, in which case only the registration requirement would apply under CRS. The Fund does not propose to rely on any Non-Reporting Financial Institution exemption and therefore intends to comply with all of the requirements of the AEOI Regulations.

The AEOI Regulations require the Fund to, amongst other things (i) register with the US Internal Revenue Service (the "**IRS**") to obtain a Global Intermediary Identification Number (in the context of the US IGA only), (ii) register with the TIA, and thereby notify the TIA of its status as a "Reporting Financial Institution", (iii) adopt and implement written policies and procedures setting out how it will address its obligations under the respective AEOI Regulations, (iv) conduct due diligence on its accounts to identify whether any such accounts are considered "Reportable Accounts" (broadly,

accounts held by "Specified U.S. Persons" for US IGA and accounts held by tax residents in the reportable jurisdictions for CRS), and (v) make an annual filing to the TIA in respect of investors who are tax resident in a Reportable Jurisdiction and/or whose "Controlling Persons" are tax resident in a Reportable Jurisdiction (unless one or more of the limited exemptions in the CRS Regulations apply). The TIA will transmit the information reported to it to the overseas fiscal authority relevant to a reportable account (e.g. the IRS in the case of a US Reportable Account) annually on an automatic basis.

By investing in the Feeder Fund and/or continuing to invest in the Fund, investors shall be deemed to acknowledge that further information may need to be provided to the Fund or its agents, the Fund's compliance with the AEOI Regulations may result in the disclosure of investor information (and of the controlling persons), and such investor information may be provided to the TIA for its exchange with overseas competent authorities. Where an investor fails to provide any requested information (regardless of the consequences), the Feeder Fund may be obliged, and/or reserves the right, to take any action and/or pursue all remedies at its disposal including, without limitation, compulsory redemption or transfer of the investor concerned and/or closure of the investor's account. In accordance with TIA issued guidance, the Feeder Fund is required to close an investor's account if a self-certification is not obtained within 90 days of account opening.

Investors are encouraged to consult their own advisors regarding the possible application of the AEOI Regulations and the potential impact of the same on their investment in the Fund under their particular facts and circumstances.

United States

THE DISCUSSION HEREIN IS FOR INFORMATIONAL PURPOSES ONLY AND IS A DISCUSSION PRIMARILY OF THE U.S. FEDERAL INCOME TAX CONSEQUENCES TO PROSPECTIVE SHAREHOLDERS. EACH PROSPECTIVE SHAREHOLDER SHOULD CONSULT ITS PROFESSIONAL TAX ADVISER WITH RESPECT TO THE TAX ASPECTS OF AN INVESTMENT IN THE FEEDER FUND. TAX CONSEQUENCES MAY VARY DEPENDING UPON THE PARTICULAR STATUS OF A PROSPECTIVE SHAREHOLDER. THIS SUMMARY IS NOT INTENDED OR WRITTEN TO BE USED, AND MAY NOT BE USED, BY ANY TAXPAYER IN ORDER TO AVOID PENALTIES WHICH MAY BE IMPOSED ON THE TAXPAYER UNDER UNITED STATES FEDERAL, STATE OR LOCAL TAX LAW.

Neither the Feeder Fund nor the Master Fund has sought a ruling from the IRS or any other U.S. federal, state or local agency with respect to any of the tax issues affecting the Feeder Fund or the Master Fund nor has either obtained an opinion of counsel with respect to any tax issues.

The following is a summary of certain U.S. federal income tax considerations relating to an investment in the Feeder Fund by Non-U.S. Shareholders and U.S. Tax-Exempt Shareholders (each, as defined below). This summary is based on the IRC, U.S. Treasury regulations issued thereunder and published administrative rulings and judicial decisions, all as of the date of this Private Placement Memorandum, and all of which are subject to change, possibly on a retroactive basis. This summary addresses

only U.S. federal income tax matters and does not address any other U.S. federal, state, local or non-U.S. tax considerations. This summary is necessarily general, and the actual tax consequences for each prospective Fund investor of the purchase and ownership of Shares will vary depending upon such prospective Fund investor's particular circumstances.

In addition, this summary does not address all of the tax consequences applicable to persons subject to special tax rules and such persons are urged to consult their own tax advisers as to the applicability of such special rules to an investment in the Feeder Fund.

For purposes of this summary, a "**U.S. Shareholder**" is an individual who is a citizen or a resident of the United States for U.S. federal income tax purposes, a corporation that is organized in or under the laws of the United States, any state or the District of Columbia, an estate, the income of which is subject to U.S. federal income taxation regardless of its source, or a trust that is subject to the supervision of a court within the United States and the control of a United States person as described in Section 7701(a)(30) of the IRC.

The term "**U.S. Tax-Exempt Shareholder**" means a U.S. Shareholder that is exempt from payment of U.S. federal income tax on certain categories of income (see the discussion under *U.S. Tax-Exempt Shareholders*), such as qualified pension, profit sharing and stock bonus plans, individual retirement accounts, educational institutions and other tax-exempt entities.

A "**Non-U.S. Shareholder**" is a holder of Shares that is a (i) a person that is not a U.S. Shareholder (ii) a foreign (non-U.S.) corporation for U.S. federal income tax purposes, (iii) an estate whose income is not subject to U.S. federal income tax on a net income basis or (iv) a trust if no court within the United States is able to exercise primary jurisdiction over its administration or if no United States persons have the authority to control all of its substantial decisions.

If an entity classified for U.S. federal income tax purposes as a partnership holds Shares in the Feeder Fund, the U.S. tax treatment of the holder of such partnership generally will depend upon the status of such holder and the activities of such partnership. Accordingly, the discussion herein does not apply to investors that are classified for U.S. federal income tax purposes as partnerships. Each such partnership (and its partners) contemplating an investment in the Feeder Fund should consult its own tax adviser.

Significant adverse tax consequences are likely to apply to U.S. Shareholders (that are not U.S. Tax-Exempt Shareholders) investing in the Feeder Fund. Such U.S. Shareholders should consult their own tax advisers regarding an investment in the Feeder Fund.

Taxation of the Fund - U.S. Trade or Business

The Feeder Fund intends to be treated as a corporation for U.S. federal income tax purposes. Section 864(b)(2) of the IRC, provides a safe harbor (the "**Safe Harbor**") applicable to a non-U.S. corporation (other than a dealer in securities) that engages directly or indirectly in the U.S. in trading securities (including contracts or options to buy or sell securities) for its own account pursuant to which such non-U.S. corporation

will not be deemed to be engaged in a U.S. trade or business. The Safe Harbor also provides that a non-U.S. corporation (other than a dealer in commodities) that engages in the U.S. in trading commodities for its own account is not deemed to be engaged in a U.S. trade or business if "the commodities are of a kind customarily dealt in on an organized commodity exchange and if the transaction is of a kind customarily consummated at such place." Pursuant to proposed regulations, a non-U.S. taxpayer (other than a dealer in stocks, securities or derivatives) that effects transactions in the United States in derivatives (including (i) derivatives based upon stocks, securities, and certain commodities and currencies, and (ii) certain notional principal contracts based upon an interest rate, equity, or certain commodities and currencies) for its own account is not deemed to be engaged in a U.S. trade or business. Although the proposed regulations are not final, the IRS has indicated in the preamble to the proposed regulations that for periods prior to the effective date of the proposed regulations, taxpayers may take any reasonable position with respect to the application of Section 864(b)(2) of the IRC to derivatives, and that a position consistent with the proposed regulations will be considered a reasonable position.

The Master Fund intends to make a U.S. check-the-box election to elect to be treated as a flow through entity for U.S. federal income tax purposes and thus is generally not subject to U.S. federal income tax. The Feeder Fund and the Master Fund intend to conduct their businesses in a manner so as to meet the requirements of the Safe Harbor. Thus, the Feeder Fund's and the Master Fund's securities and commodities trading activities should not constitute a U.S. trade or business and, except in the limited circumstances discussed below, the Feeder Fund should not be subject to the regular U.S. federal income tax on any of its or the Master Fund's trading profits. However, if certain of the Feeder Fund's or the Master Fund's activities were determined not to be of the type described in the Safe Harbor, the Feeder Fund's or the Master Fund's activities may potentially constitute a U.S. trade or business, in which case the Feeder Fund would be subject to U.S. federal income tax (and possibly state and local income tax) on the income and gain from those activities. The U.S. federal "branch profits tax" and "branch level interest tax" may also apply to income derived by the Feeder Fund that is treated as effectively connected with a U.S. trade or business ("**ECI**").

In addition, if the Master Fund is treated as engaged in a U.S. trade or business, the Feeder Fund would be subject to U.S. federal income tax, "branch profits tax" on any gain realized on the redemption of all or a portion of its interest in the Master Fund that is treated as ECI. If any portion of the gain realized on the disposition would be treated as ECI, the Master Fund would be required to withhold a tax equal to 10% of the amount realized on the disposition. It is not expected that this 10% withholding would apply to the redemption by the Feeder Fund of all or a portion of its interest in the Master Fund.

Capital gain from the disposition of U.S. investments generally will not be subject to U.S. federal income tax, except in the case of certain real estate intensive investments, including investments in corporations treated as U.S. Real Property Holding Corporations (as defined in Section 897 of the IRC) ("**USRPHCs**"), including stock or securities of certain Real Estate Investment Trusts ("**REITs**"), which will be generally subject to U.S. federal income tax on a net basis under the U.S. Foreign Investment in Real Property Act of 1980. However, a principal exception to this rule of taxation may apply if such USRPHC has a class of stock which is regularly traded on an established securities market and the Feeder Fund generally did not hold (and was not deemed to

hold under certain attribution rules) more than 5% of the value of a regularly traded class of stock or securities of such USRPHC (10% in the case of a USRPHC that is a REIT) at any time during the five-year period ending on the date of disposition.¹ Moreover, if the Feeder Fund or the Master Fund were deemed to be engaged in a U.S. trade or business as a result of owning a partnership interest in a U.S. business partnership or a similar ownership interest, income and gain realized from that investment would be subject to U.S. federal income tax at a 21% U.S. federal corporate tax rate (and possibly state and local income tax) and branch profits tax equal to 30% of the earnings and profits of such U.S. trade or business that are not reinvested therein.

Taxation of the Fund - U.S. Withholding Tax

In general, under Section 881 of the IRC, a non-U.S. corporation which does not conduct a U.S. trade or business is nonetheless subject to U.S. federal income tax at a flat rate of 30% (or lower tax treaty rate) on the gross amount of certain U.S. source income which is not treated as ECI, generally payable through withholding. Income subject to such a flat tax rate is of a fixed or determinable annual or periodic nature, including dividends, certain "dividend equivalent payments" and certain interest income. There is presently no tax treaty between the U.S. and the Cayman Islands.

Certain types of income are specifically exempted from the 30% tax and thus withholding is not required on payments of such income to a non-U.S. corporation. The 30% tax does not apply to U.S. source capital gains (whether long or short-term) or to interest paid to a non-U.S. corporation on its deposits with U.S. banks. The 30% tax also does not apply to interest which qualifies as portfolio interest. The term "portfolio interest" generally includes interest (including original issue discount) on an obligation in registered form with respect to which the person who would otherwise be required to deduct and withhold the 30% tax receives the required statement certifying, among other things, that the beneficial owner of the obligation does not own 10% or more of the voting stock of the issuer of the obligation.

Sale or Redemption of Shares

Gain realized by Non-U.S. Shareholders upon the sale, exchange or redemption of Shares held as a capital asset should generally not be subject to U.S. federal income tax, provided that the gain is not treated as ECI. However, in the case of non-resident alien individuals, such gain may be subject to U.S. federal income tax if (i) the Non-U.S. Shareholder is an individual present in the United States for 183 days or more in a taxable year and (ii) such gain is derived from U.S. sources subject to certain other conditions being met.

¹ The Fund will also be exempt from tax on direct or indirect dispositions of REIT shares, whether or not those shares are regularly traded, if less than 50% of the value of such shares is held, directly or indirectly, by non-United States persons at all times during the five-year period ending on the date of disposition. However, even if the direct or indirect disposition of REIT shares would be exempt from tax on a net basis, distributions from a REIT (whether or not such REIT is a USRPHC), to the extent attributable to the REIT's disposition of interests in U.S. real property, are subject to U.S. federal income tax on a net basis when directly or indirectly received by the Fund and are generally also subject to the branch profits tax. Distributions from certain publicly traded REITs to non-U.S. shareholders owning 10% or less of the shares, however, are subject to a 30% gross withholding tax on those distributions and are not subject to U.S. federal income tax on a net basis or the branch profits tax.

Generally, the source of gain upon the sale, exchange or redemption of Shares is determined by the place of residence of the Shareholder. For purposes of determining the source of gain, the IRC defines residency in a manner that may result in an individual who is otherwise a non-resident alien with respect to the United States being treated as a U.S. resident only for purposes of determining the source of income. Each potential individual shareholder who anticipates being present in the U.S. for 183 days or more (in any taxable year) should consult their tax adviser with respect to the possible application of this rule.

Gain realized by a Non-U.S. Shareholder engaged in the conduct of a U.S. trade or business will be subject to U.S. federal income tax upon the sale, exchange or redemption of Shares if such gain is treated as ECI.

Non-U.S. Shareholders may be required to make certain certifications to the Feeder Fund as to the beneficial ownership of their Feeder Fund Shares and the non-U.S. status of such beneficial owner, in order to be exempt from U.S. information reporting and backup withholding on distributions from the Feeder Fund.

U.S. Tax-Exempt Shareholders

Certain types of income, such as dividends, interest, capital gains and similar income realized from securities investment or trading activity, is exempt even if it is realized from securities trading activity which constitutes a trade or business. This general exemption from tax does not apply to the "unrelated business taxable income" ("**UBTI**") of a U.S. Tax-Exempt Shareholder. Generally, except as noted above with respect to certain categories of exempt trading activity, UBTI includes income or gain derived from a trade or business, the conduct of which is substantially unrelated to the exercise or performance of the U.S. Tax-Exempt Shareholder's exempt purpose or function. UBTI is separately calculated for each trade or business of a U.S. Tax-Exempt Shareholder. Thus, a U.S. Tax-Exempt Shareholder cannot use deductions relating to one trade or business to offset income from another. Subject to the discussion below of "debt-financed property", UBTI generally does not include, however, income such as dividends, interest and gain from the sale of property that is not inventory or otherwise held for sale to customers in the ordinary course of business.

UBTI also includes (i) income derived by a U.S. Tax-Exempt Shareholder from "debt-financed property" and (ii) gains derived by a U.S. Tax-Exempt Shareholder from the disposition of "debt-financed property". Because the Feeder Fund will be treated as a corporation for U.S. federal income tax purposes, debt incurred by the Feeder Fund for purposes of acquiring assets should not be considered "acquisition indebtedness" (within the meaning of Section 514(c) of the IRC) incurred by U.S. Tax-Exempt Shareholders. However, if a U.S. Tax-Exempt Shareholder itself incurs "acquisition indebtedness" in order to finance its purchase of its Shares, income and gain derived from the Shares may be treated as UBTI. As a result, income or gain realized on an investment in the Feeder Fund by a U.S. Tax-Exempt Shareholder generally should not be taxable as UBTI under Section 511 of the IRC, provided that such investor does not incur "acquisition indebtedness" to finance its purchase of Shares.

The Feeder Fund is generally expected to be classified as a "passive foreign investment company" (a "**PFIC**") for U.S. federal income tax purposes. However, unless dividends

paid by the Fund to a U.S. Tax-Exempt Shareholder are characterized as UBTI, the PFIC rules generally will not apply to the investment.

The Feeder Fund may also be treated as a "controlled foreign corporation" (a "**CFC**") for U.S. federal income tax purposes. A non-U.S. corporation generally will be treated as a CFC if one or more U.S. persons, each of which owns at least 10% of the corporation by vote or value (each a "**10% U.S. Shareholder**") together own more than 50% of the corporation by vote or value. However, in general, earnings and profits of the Feeder Fund that are deemed to be distributed under the rules for "10% U.S. Shareholders" in a CFC should not be treated as UBTI (except in the case of certain insurance income) unless a U.S. Tax-Exempt Shareholder incurs "acquisition indebtedness" to finance its purchase of Shares.

There are special considerations which should be taken into account by private foundations and certain beneficiaries of charitable remainder trusts that invest in the Feeder Fund. Private foundations and charitable remainder trusts should consult their own tax advisers concerning the tax consequences of such an investment on their beneficiaries.

U.S. Tax-Exempt Shareholders are urged to consult their own tax advisers concerning the U.S. federal income tax consequences of an investment in the Feeder Fund.

Master Fund Partnership Audits

The U.S. federal income tax treatment of items of income, gain, loss, or deduction or credit of the Fund is generally determined at the level of the Master Fund rather than at the Feeder Fund level. Any IRS audit of the Master Fund (which intends to be classified as a flow through entity for U.S. federal income tax purposes) could affect the U.S. federal income tax positions intended to be taken by the Master Fund.

Under the revised partnership audit rules, the Master Fund will designate a "partnership representative" with a substantial presence in the United States to have sole authority to act on behalf of the Master Fund in the event of an IRS audit of the Master Fund for a relevant tax year. In addition, unless the Master Fund elects otherwise, any adjustments, penalties and interest imposed as a result of an audit of the Master Fund's U.S. federal income tax returns will be assessed at the partnership level in the year in which the adjustments are finalized at the higher of the maximum applicable rate of U.S. federal income tax for corporations or for individuals in respect of the relevant item.

Shareholders that acquire Shares in the Feeder Fund will be required to indemnify the Feeder Fund for their allocable share of any taxes (including any interest and penalties) for which the Feeder Fund is liable as a result of an audit of the Master Fund under the revised audit rules in which the Shareholder held Shares in the Feeder Fund, as determined by the Board of Directors of the Feeder Fund in its reasonable discretion. In addition, Shareholder and former Shareholders will be required to reimburse the Feeder Fund for its allocable share of the costs of the Master Fund in contesting any partnership adjustment, and advance any deposit required to contest such adjustment, in accordance with the interests of the Shareholders and former Shareholders in the Feeder Fund during the reviewed taxable year of the Master Fund, as determined by the board of directors of the Master Fund in its reasonable discretion. This indemnification

obligation will survive a transfer of Shares, redemption of Shares and termination of the Feeder Fund and the Master Fund.

In certain circumstances, the revised audit rules will reduce the amount of tax, penalties and interest imposed on the Master Fund in circumstances where a Shareholder or former shareholder (i.e., limited partners) of the Master Fund (treated as a flow through entity for US federal tax purposes) files amended tax returns and pays tax for the taxable year subject to the audit, or to the extent it is established that a portion of the adjustment is attributable to a shareholder or former shareholder of the Master Fund that would have been exempt from tax in respect of the relevant item, or by reason of its status as a C-corporation or an individual (with an S corporation being treated as an individual for this purpose) is subject to a reduced highest applicable rate of U.S. federal income tax in respect of the relevant item. In addition, the Master Fund may elect to issue to its shareholders and former shareholders, revised statements of their allocable shares of Master Fund taxable income, gain, loss, deduction and credit, in which case the shareholders and former shareholders of the Master Fund, including the Feeder Fund, will be subject to U.S. Federal income tax in the year of the statement based upon the effect the adjustment would have on the shareholder's or former shareholder's prior taxable years.

Prospective Shareholders should consult their tax advisers regarding the impact on an investment in the Feeder Fund of the partnership audit rules applying to the Master Fund.

Reporting Requirements for United States Persons

As described above, the Feeder Fund is generally expected to be classified as a PFIC. Any United States person within the meaning of the IRC who holds shares in a PFIC such as the Feeder Fund is required to report its investment in the PFIC on an annual basis and should consult its own tax adviser in this regard.

Any United States person within the meaning of the IRC owning 10% or more (taking certain attribution rules into account) of either the total combined voting power or total value of all classes of shares of a non-U.S. corporation such as the Feeder Fund may be required to file an information return with the IRS containing certain disclosure concerning the filing shareholder, certain other shareholders and the corporation. In addition, a United States person within the meaning of the IRC that transfers cash to a non-U.S. corporation will likely be required to report the transfer to the IRS if (i) immediately after the transfer, such person holds (directly, indirectly or by attribution) at least 10% of the total voting power or total value of such corporation or (ii) the amount of cash transferred by such person (or any related person) to such corporation during the twelve-month period ending on the date of the transfer exceeds US\$100,000.

Furthermore, certain United States persons within the meaning of the IRC may have to file Form 8886 ("**Reportable Transaction Disclosure Statement**") with their U.S. federal income tax return, and submit a copy of Form 8886 with the Office of Tax Shelter Analysis of the IRS if the Feeder Fund engages (or is treated as engaging) in certain "reportable transactions" within the meaning of relevant U.S. Treasury regulations. Under certain circumstances, the IRS may designate a transaction as a reportable transaction after the close of the year in which the Feeder Fund participated (or is treated as participating) in the transaction, in which case the reporting Shareholder

may have to file Form 8886 with respect to that transaction 90 days after the IRS makes the designation. Shareholders required to file this report include (i) a 10% U.S. Shareholder, and (ii) a United States person who is a 10% shareholder in a foreign corporation that is a PFIC and who has made a QEF election with respect to the PFIC. In certain situations, there may also be a requirement that a list be maintained of persons participating in such reportable transactions, which could be made available to the IRS at its request. Moreover, if a United States person within the meaning of the IRC recognizes a loss upon a disposition of Shares, such loss could constitute a "reportable transaction" for such Shareholder, and such Shareholder would be required to file Form 8886. A significant penalty is imposed on taxpayers who fail to make the required disclosure. The maximum penalty is US\$10,000 for natural persons and US\$50,000 for other persons (increased to US\$100,000 and US\$200,000, respectively, if the reportable transaction is a "listed" transaction). Shareholders who are United States persons within the meaning of the IRC (including U.S. Tax-Exempt Shareholders) are urged to consult their tax advisers concerning Form 8886 based on their specific situations and the penalty discussed above.

Potential U.S. Tax-Exempt Shareholders should consult their own tax advisers regarding such reporting requirements and any other applicable reporting requirements as a result of an investment in the Fund.

Information Reporting and Backup Withholding

Payments of dividends and sales proceeds that are made within the United States or through certain U.S.-related financial intermediaries generally are subject to information reporting and may be subject to backup withholding unless (1) the recipient establishes that it is an exempt recipient for such purposes or (2) in the case of backup withholding, the recipient provides a correct taxpayer identification number and certifies that it is not subject to backup withholding.

The amount of any backup withholding from a payment to a Shareholder generally will be allowed as a credit against the Shareholder's U.S. federal income tax liability and may entitle the Shareholder to a refund, provided that the required information is timely furnished to the IRS.

U.S. FATCA

U.S. FATCA generally imposes a reporting regime and potentially a 30% gross U.S. withholding tax with respect to certain U.S. source income (including U.S. source dividends and interest) ("**Withholdable Payments**") and, beginning two years following the date that final U.S. Treasury regulations are published with the Federal Register, a portion of other payments from certain non-U.S. entities that comply with U.S. FATCA to the extent attributable to Withholdable Payments ("**Passthru Payments**"). As a general matter, the U.S. FATCA rules are designed to require U.S. persons' direct and indirect ownership of non-U.S. accounts and of certain non-U.S. entities to be reported to the IRS. The 30% gross withholding tax regime generally applies if there is a failure to provide required information regarding U.S. ownership.

Generally, the U.S. FATCA rules can subject all Withholdable Payments and Passthru Payments received by the Fund to 30% gross withholding tax (including the share that is allocable to Non-U.S. Shareholders) unless the Feeder Fund complies with the terms

of the intergovernmental agreement entered into between the United States and the Cayman Islands, or otherwise qualifies for an exemption. Shareholders may be required to make certain certifications and provide certain information to the Fund (including as to the beneficial ownership of their Shares) in order to enable the Fund to comply with FATCA. The Board of Directors may, among other things, cause the compulsory redemption or transfer of all or a portion of a Shareholder's Shares where such Shareholder refuses to assist with the Fund's compliance with FATCA. Please see the discussion under *The Cayman Islands Financial Institution Reporting and the Automatic Exchange of Information Regime: U.S. FATCA and CRS* above.

U.S. Federal Income Tax Reform

U.S. federal income tax laws and Treasury regulations, as well as the administrative interpretations of those laws and Treasury regulations, are constantly under review and may be changed at any time, possibly with retroactive effect. No assurance can be given as to whether, when, or in what form the U.S. federal income tax laws applicable to an investment in the Feeder Fund may be enacted. Changes to the U.S. federal income tax laws and interpretations of U.S. federal income tax laws could adversely affect an investment in the Feeder Fund.

The Tax Cuts and Jobs Act (the "TCJA") was signed into law on 22 December 2017. The TCJA makes significant changes to U.S. federal income tax laws applicable to businesses and their owners. The discussion above includes a description of certain of those changes that could impact the taxation of an investment in the Fund. However, U.S. Treasury regulations implementing certain of these new rules have not yet been issued and additional changes or corrections may be forthcoming. Each prospective Shareholder is urged to consult with its own tax adviser regarding the effects of the TCJA and other potential changes in tax laws on an investment in the Feeder Fund.

Shareholders should consult their tax advisers on the appropriate tax treatment of the dividends in the context of their particular situation.

Hong Kong

The Feeder Fund / the Master Fund

Hong Kong profits tax is charged on profits from a trade, profession or business carried on in Hong Kong by a person in respect of profits arising in or derived from Hong Kong and which are not capital in nature. Hong Kong does not levy capital gains tax nor is there any general turnover, sales or value-added tax.

In addition to the above, please also note that the Inland Revenue (Amendment) (No. 6) Ordinance 2018 ("**Amendment Ordinance**"), which was enacted on 13 July 2018, has introduced a new definition of permanent establishment ("**PE**") in Hong Kong for non-residents of a non-treaty jurisdiction. Under the Amendment Ordinance, a "person" (defined to include a corporation irrespective of its place of incorporation) would be regarded as carrying on a trade, profession or business in Hong Kong and can potentially be subject to Hong Kong profits tax if it constitutes a "PE" in Hong Kong. The new PE definition became effective in relation to a year of assessment beginning on or after 1 April 2018.

In general, if the Feeder Fund / the Master Fund is regarded as carrying on a trade, profession or business in Hong Kong (either by itself or through another person in Hong Kong) and/or constituting a PE in Hong Kong, the Feeder Fund / the Master Fund will be liable to Hong Kong profits tax at the current rate of 16.5% (subject to a two-tiered profits tax arrangement as explained below) on its Hong Kong sourced profits which are revenue in nature. Gains of a capital nature are not taxable in Hong Kong. Whether a gain is regarded as being capital in nature is a question of fact which has to be determined based on the specific circumstances of each case. It should be noted that whilst gains of a capital nature are excluded from taxation, a tax exempt capital gain claim can be contentious and is generally difficult for investment funds.

Please note that the Inland Revenue (Amendment) Ordinance (No.3) 2018 was enacted into law on 29 March 2018 to implement a two-tiered profits tax system in Hong Kong effective from the year of assessment 2018/19. Under the two-tiered tax rates, the first HK\$2 million of assessable profits of corporations and unincorporated business will be taxed at a reduced rate of 8.25% and 7.5% respectively on a self-election basis, with certain exceptions. For a group of "connected entities", only one entity within the group can elect to apply the two-tiered rates.

For the purpose of the Feeder Fund / the Master Fund, Hong Kong sourced profits may generally include:

- Profits arising from the disposal of securities listed on and executed through the Hong Kong Stock Exchange;
- Profits arising from the disposal of securities listed on stock exchanges outside Hong Kong but traded over-the-counter in Hong Kong;
- Profits arising from disposal of unlisted securities where the contracts of purchase and/or sales are effected in Hong Kong (the term "effected" in this context refers not only to the execution of contracts but also the negotiation and all steps leading to the final conclusion of contracts); and
- Interest income arising from certain debt instruments where the loan proceeds were first made available to the issuer in Hong Kong, in circumstances where the lending entity is not considered as engaging in a money-lending business, bond trading, and/or intra-group financing business.

Dividends received by the Feeder Fund / the Master Fund from its investments (whether located within or outside Hong Kong) should generally not be chargeable to tax in Hong Kong (whether by way of withholding or otherwise) under the current law. Interest on local bank deposits is statutorily exempt provided that certain conditions are fulfilled.

Notwithstanding the above general rules, the Inland Revenue (Profits Tax Exemption for Funds) (Amendment) Ordinance 2019, effective from 1 April 2019 (the "**Unified Funds Exemption**") provides that certain profits earned by a "fund", and/or its special purpose entities ("**SPE**") (as defined in the Unified Funds Exemption) from qualifying transactions are exempt from Hong Kong profits tax if certain conditions are met.

The conditions as they pertain to the Feeder Fund/ the Master Fund are:

- the Feeder Fund/ the Master Fund must fall into the definition of a "fund"² under the Unified Funds Exemption;
- the profits of the Feeder Fund / Master Fund are derived from "qualifying transactions" (as defined in the Unified Funds Exemption) and transactions incidental thereto;
- either the "qualifying transactions" (as defined in the Unified Funds Exemption) are carried out in Hong Kong by or through, or arranged in Hong Kong by, a "specified person" (i.e., an authorized financial institution registered with the SFC in Hong Kong or a corporation holding any of the types of licenses issued by the SFC to carry out regulated activities under Part 1 of Schedule 5 of the SFO); or the Feeder Fund/ the Master Fund is a "qualified investment fund" (as defined in the Unified Funds Exemption and separate to the definition of a "fund"); and
- income arising from transactions incidental to the carrying out of the "qualifying transactions" does not exceed 5% of the total trading receipts from "qualifying transactions" and incidental transactions of the Feeder Fund / Master Fund in the basis period of a year of assessment. Please note that currently the Inland Revenue Department in Hong Kong considers that interest income on bonds and other debt instruments is income from incidental transaction and should be taxable if the interest income is Hong Kong sourced and the 5% threshold is exceeded.

"Qualifying transactions" are transactions in assets of a class specified in Schedule 16C to the Inland Revenue Ordinance ("**IRO**") which may be amended from time to time and currently include the following:

- Securities;
- 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);
- Futures contracts;

² Under the Unified Funds Exemption, a "fund" means, subject to certain exceptions, (i) an arrangement in respect of any property at all times under the arrangement, the property is managed as a whole by, or on behalf of the person operating the arrangement; and/or the contributions of the persons participating in the arrangement ("**participating persons**"), and the profits or income from which payment is made to them, are pooled under the arrangement; (ii) the participating persons do not have day-to-day control over the management of the property; and (iii) the purpose or effect (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 the property or otherwise, to participate in or receive profits, income or other returns represented to arise (or to be likely to arise) from the acquisition, holding, management or disposal of the property (or any part of the property), or sums represented to be paid (or to be likely 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.

- Foreign exchange contracts;
- Deposits other than those made by way of a money-lending business;
- Deposits made with a bank;
- Certificates of deposit;
- Exchange-traded commodities;
- Foreign currencies;
- OTC derivative products; and
- 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 (as defined in the IRO).

Under the Unified Funds Exemption, there are certain anti-avoidance measures in place in respect of investments in private companies (where applicable) by a "fund" and/or its "SPE" which must be met in order to enjoy the profits tax exemptions as follows:

- (a) **Immovable property test** - the private company must not directly or indirectly hold more than 10 per cent. of the value of its assets in immovable property (other than infrastructure) in Hong Kong; and
- (b) **Holding period test** - the investment in the private company must have been held by the "fund" for at least two years.

Failing the holding period test, a third test would apply:

- (c) **Short-term asset test** - (i) the "fund" does not have a controlling stake in the private company, or (ii) where the "fund" has a controlling stake in the private company, the private company does not hold more than 50 per cent. of the value of its assets in short term assets (meaning an asset (i) that is not a qualifying asset; (ii) that is not immovable property in Hong Kong; and (iii) that has been held for less than three consecutive years before the date of disposal).

To the extent the Feeder Fund / Master Fund is exempt from profits tax under the Unified Funds Exemption, SPEs as defined under the Unified Funds Exemption would also be exempt from Hong Kong profits tax on the profits derived from qualifying transactions in private companies (corresponding to the percentage of interest that the Feeder Fund / Master Fund holds in the SPE).

A SPE means a corporation, partnership, trustee of a trust estate or any other entity that:

- is wholly or partially owned by a fund as defined in the Unified Funds Exemption;
- is established solely for the purpose of holding (whether directly or indirectly), and administering one or more investee private companies;

- is incorporated, registered or appointed in or outside Hong Kong;
- does not carry on any trade or activities except for the purpose of holding (whether directly or indirectly) and administering one or more investee private companies; and
- is not itself a fund or an investee private company.

It is the intention of the Directors of the Feeder Fund / the Master Fund to use commercially reasonable efforts to manage the Feeder Fund / the Master Fund in such a way as to minimise the risk of the Feeder Fund / the Master Fund being subject to profits tax in Hong Kong. However, no assurance can be given that profits from certain investments derived by the Feeder Fund / the Master Fund (or its SPE) will not give rise to a liability for profits tax in Hong Kong.

Withholding Tax

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

Stamp Duty

If the Feeder Fund / the Master Fund acquires or disposes of any "Hong Kong stock" as defined under the Hong Kong Stamp Duty Ordinance ("**SDO**"), Hong Kong stamp duty will generally be imposed at the current rate of 0.1% on the consideration or the fair market value of the "Hong Kong stock", whichever is higher. Stamp duty is payable by both the transferor and the transferee upon such transfer (i.e. 0.2% in total for a complete transaction).

The Shareholders

For Shareholders whose Shares in the Feeder Fund / Master Fund represent capital assets to them for Hong Kong profits tax purposes, gains arising from the sale or other disposal of the Shares in the Feeder Fund / Master Fund should be capital in nature and not taxable. For Shareholders carrying on a trade, profession or business in Hong Kong which also invest in securities for trading purpose (e.g. dealers in securities, financial institutions or 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 16.5% for corporations and 15% for unincorporated businesses with the first HK\$2 million of assessable profits charged at 8.25% for corporations and 7.5% for unincorporated businesses, subject to certain conditions being met) if the gains in question arise in or are derived from Hong Kong. The nature of an asset as trading or capital will depend on the particular circumstances of each of the Shareholders.

Dividends received by Shareholders from their Shares in the Feeder Fund / Master Fund should generally not be chargeable to withholding tax in Hong Kong.

Under the Unified Funds Exemption, there are certain anti-avoidance provisions ("**Deeming Provisions**") to prevent abuse or "round-tripping" by Hong Kong residents taking advantage of the tax exemption under the Unified Funds Exemption. The Deeming Provisions may apply, inter alia, if a Hong Kong resident Shareholder who,

alone or jointly with its "associates" (as defined in the Unified Funds Exemption), holds 30% or more of the direct and/or indirect beneficial interest in a fund which is exempt from Hong Kong profits tax under the Unified Funds Exemption, or holds any percentage where such Hong Kong resident Shareholder is an "associate" (as defined in the Unified Funds Exemption) of the tax exempt fund. Under the Deeming Provisions, the Hong Kong resident Shareholder would be deemed to have derived assessable profits in respect of its attributable proportion of the Hong Kong sourced profits earned by the fund or its SPE (if any) which is exempt from profits tax under the Unified Funds Exemption. Please note that these deemed taxable profits will arise even if the Hong Kong resident Shareholders have not actually received any distribution from the fund. The Deeming Provisions would generally not apply if the fund is considered as bona fide widely held.

Stamp Duty

Hong Kong stamp duty will not be imposed on the issuance of shares by the Feeder Fund / the Master Fund. As such, no Hong Kong stamp duty is payable by the investors in relation to the subscription of the Feeder Fund / Master Funds new Shares. The Feeder Fund and the Master Fund are both exempted companies incorporated with limited liability in the Cayman Islands. On the basis that the registers of Shareholders of the Feeder Fund and the Master Fund are not maintained in Hong Kong, the Shares should not constitute "Hong Kong stock" as defined under the SDO. As such, the sale and purchase or other transfer of the Shares by investors should not be subject to Hong Kong stamp duty.

This Hong Kong tax disclosure is general in nature and does not purport to cover all Hong Kong tax consequences of investing in the Feeder Fund / the Master Fund.

Shareholders should consult their own professional advisers on the possible taxation consequences of their subscribing for, buying, holding, transferring, selling, redeeming or otherwise disposing of the interests, in the context of their own particular circumstances.

16. ERISA MATTERS

General

ERISA imposes requirements on "employee benefit plans" within the meaning of Section 3(3) of ERISA that are subject to Title I of ERISA, such as pension plans, profit-sharing plans, collective investment funds and separate accounts whose underlying assets include the assets of such employee benefit plans (each, an "**ERISA Plan**"), and on those persons who are fiduciaries with respect to ERISA Plans. ERISA also imposes limits on transactions between ERISA Plans and the ERISA Plan's service providers or other related parties.

Each fiduciary of an ERISA Plan should consider ERISA and the regulations and guidance thereunder when considering an investment in the Fund. Fiduciaries of ERISA Plans, as well as other "plans" and arrangements within the meaning of Section 4975(e)(1) of the IRC that are subject to Section 4975 of the IRC, such as individual retirement accounts or "Keogh" plans (together with ERISA Plans, "**Plans**"), should also consider, among other items, the issues described below when deciding whether to invest in the Fund.

THIS PRIVATE PLACEMENT MEMORANDUM IS NOT WRITTEN FOR ANY PARTICULAR PROSPECTIVE INVESTOR, AND IT DOES NOT ADDRESS THE NEEDS OF ANY PARTICULAR PROSPECTIVE INVESTOR. NONE OF THE FUND, THE DIRECTORS, THE INVESTMENT MANAGER, THE ADMINISTRATOR OR THEIR RESPECTIVE AFFILIATES HAS UNDERTAKEN TO PROVIDE IMPARTIAL INVESTMENT ADVICE OR TO GIVE ADVICE IN A FIDUCIARY CAPACITY, AND NONE OF THESE PARTIES HAS OR SHALL PROVIDE ANY ADVICE OR RECOMMENDATION WITH RESPECT TO THE MANAGEMENT OF ANY INVESTMENT OR THE ADVISABILITY OF ACQUIRING, HOLDING, DISPOSING OR EXCHANGING OF SUCH INVESTMENT. THE FOLLOWING DISCUSSION IS GENERAL IN NATURE, IS NOT INTENDED TO BE ALL INCLUSIVE AND SHOULD NOT BE CONSTRUED AS LEGAL ADVICE. EACH FIDUCIARY OF A PLAN SHOULD TALK TO ITS LEGAL ADVISER ABOUT THE CONSIDERATIONS DISCUSSED IN THIS SECTION BEFORE INVESTING IN THE FUND. APPLICABLE LAWS GOVERNING THE INVESTMENT AND MANAGEMENT OF THE ASSETS OF GOVERNMENTAL, CERTAIN CHURCH, NON-U.S. AND OTHER PLANS MAY ALSO CONTAIN FIDUCIARY AND PROHIBITED TRANSACTION REQUIREMENTS. ACCORDINGLY, FIDUCIARIES OF SUCH PLANS, IN CONSULTATION WITH THEIR ADVISERS, SHOULD CONSIDER THE IMPACT OF SUCH LAWS ON AN INVESTMENT IN THE FUND.

Fiduciary Duty of Investing ERISA Plans

Under ERISA, a person who exercises discretionary authority or control regarding the management or disposition of an ERISA Plan's assets is generally considered a fiduciary of such ERISA Plan. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, which should be taken into account with regards to each ERISA Plan's particular facts and circumstances. In considering an investment of an ERISA Plan's assets in the Fund, the ERISA Plan's fiduciary should determine, particularly in light of the risks and limited liquidity inherent in an investment in the

Fund, whether the investment would (i) satisfy the diversification requirements of Section 404(a)(1)(C) of ERISA, (ii) be in accordance with the documents and instruments governing the ERISA Plan pursuant to Section 404(a)(1)(D) of ERISA and (iii) be prudent with respect to the Fund's structure and the nature of its proposed investments. When evaluating the prudence of an investment, the ERISA Plan's fiduciary should consider the U.S. Department of Labor (the "**DOL**") regulation on investment duties, which can be found at 29 C.F.R. § 2550.404a-1.

ERISA requires an ERISA Plan's fiduciary to maintain indicia of ownership for the ERISA Plan's assets within the jurisdiction of the U.S. Federal District Courts. Fiduciaries of ERISA Plans should also consider ERISA's rules relating to delegation of control, and whether an investment in the Fund might constitute or give rise to a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the IRC.

Administrators of ERISA Plans that invest in the Fund may be required to report compensation, including indirect compensation, paid in connection with the ERISA Plan's investment in the Fund on Schedule C of Form 5500 (Annual Return/Report of Employee Benefit Plan). The descriptions in this Private Placement Memorandum of fees and compensation, including the fees paid to the Investment Manager, are intended to satisfy the disclosure requirement for "eligible indirect compensation", for which an alternative reporting procedure on Schedule C of Form 5500 may be available.

Prohibited Transactions

Section 406 of ERISA and Section 4975 of the IRC prohibit certain transactions involving the assets of a Plan and persons and their affiliates that have certain relationships to the Plan, including the Plan's fiduciaries and other service providers (referred to as "parties in interest" under Section 3(14) of ERISA and "disqualified persons" under Section 4975 of the IRC, and collectively, "**Parties in Interest**"). Regardless of whether the underlying assets of the Fund are deemed to include the assets of a Plan, an investment in the Fund by a Plan with respect to which any of the Fund, the Directors, the Investment Manager, the Administrator or their respective affiliates (each, a "**Transaction Party**") is considered a Party in Interest may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA or Section 4975 of the IRC, unless a statutory or administrative exemption is applicable to the transaction.

The Transaction Parties may be Parties in Interest with respect to many Plans. The applicability of any exemption to the prohibited transaction rules will depend in part on the type of fiduciary making the decision to invest in the Fund and the circumstances under which such decision is made. Included among the exemptions are the statutory exemption of Section 408(b)(17) of ERISA and Section 4975(d)(20) of the IRC (relating to certain transactions between a Plan and a service provider to the Plan, provided that neither the service provider nor its affiliate has or exercises any discretionary authority or control or renders any investment advice with respect to the assets of any Plan involved in the transaction (in other words, not a fiduciary) and provided further that the Plan pays no more than, and receives no less than, "adequate consideration" in connection with the transaction) and the administrative exemptions of Prohibited Transaction Class Exemption ("**PTCE**") 91-38 (relating to investments made by bank collective investment funds), PTCE 84-14 (relating to transactions effected by independent "qualified professional asset managers"), PTCE 95-60

(relating to transactions involving insurance company general accounts), PTCE 90-1 (relating to investments by insurance company pooled separate accounts) and PTCE 96-23 (relating to transactions determined by certain "in-house asset managers"). Each fiduciary of a Plan that proposes to invest in the Fund should consider, among other things, whether such investment would involve (i) a direct or indirect extension of credit to a Party in Interest, (ii) a sale or exchange of any property between a Plan and a Party in Interest or (iii) a transfer to, or use by or for the benefit of, a Party in Interest of the Plan's assets. In this regard, there can be no assurance that any of these or other exemptions will be available with respect to any particular transaction involving an investment in the Fund. Most of the exemptions do not provide relief from some or all of the self-dealing prohibitions under Section 406 of ERISA or Section 4975 of the IRC.

Each fiduciary of a Plan that has engaged in a prohibited transaction may be required to, among other potential actions, (i) restore to the Plan any profit realized on the transaction, (ii) reimburse the Plan for any losses suffered by the Plan as a result of the transaction or (iii) unwind the transaction. Under Section 4975 of the IRC, a Party in Interest may be required to pay excise taxes based on the amount involved in the transaction (including a 100% excise tax if the transaction is not corrected within a certain time period).

The Plan Asset Regulation

Under the Plan Asset Regulation, when a Plan invests in an "equity interest" of an entity (which is defined as an interest other than an instrument that is treated as indebtedness under applicable local law and which has no substantial equity features) that is neither a publicly offered security nor a security issued by an investment company registered under the 1940 Act, the Plan's assets include both the equity interest and an undivided interest in each of the entity's underlying assets unless it is established that the entity is an "operating company" or that equity participation by "Benefit Plan Investors" is not "significant".

Under the Plan Asset Regulation, an "operating company" is defined as an entity that is primarily engaged, directly or through a majority owned subsidiary or subsidiaries, in the production or sale of a product or service other than the investment of capital. A "**Benefit Plan Investor**" includes (i) a Plan or (ii) any person or entity whose underlying assets include, or are deemed to include under the Plan Asset Regulation or otherwise for purposes of Title I of ERISA or Section 4975 of the IRC, "plan assets" by reason of a Plan's investment in the person or entity. Equity participation by Benefit Plan Investors in an entity is "significant" under the Plan Asset Regulation if, immediately after the most recent acquisition of any equity interest in the entity, 25% or more of the value of any class of equity interests in the entity is held by Benefit Plan Investors, excluding for purposes of this calculation the value of equity interests held by (i) persons, other than Benefit Plan Investors, that have discretionary authority or control over the assets of the entity, or that provide investment advice with respect to such assets for a fee, directly or indirectly, or (ii) "affiliates" of the foregoing (i) persons (with respect to the Fund's assets, a "**Controlling Person**"). For these purposes, an "affiliate" of a person, as defined in paragraph (f)(3) of the Plan Asset Regulation, includes any person, directly or indirectly, through one or more intermediaries, "controlling", "controlled" by, or under common "control" with the person, and "control", with respect to a person other than an individual, means the power to exercise

a controlling influence over the management or policies of such person. It must be true immediately after each acquisition, transfer or disposition of an interest in the Fund that less than 25% of the value of any class of equity interests in the Fund is held by Benefit Plan Investors (excluding any holdings by Controlling Persons) in order for the assets of the Fund to not be treated as "plan assets".

In the event that any Feeder Fund may be considered to hold assets of a Plan as a result of the interests in one or more classes of the Feeder Fund being held by Benefit Plan Investors, the Directors intends to structure the Feeder Fund as a conduit vehicle through which investors may participate in an investment in the Master Fund and with respect to which the Directors is not intended to have discretionary authority or control with respect to the investment of the assets of the Feeder Fund. Each investor, by making a commitment to the Feeder Fund, will be deemed to have (i) directed the Directors to invest the amount of such a commitment in the Master Fund and (ii) acknowledged and agreed that, during any period when the underlying assets of the Feeder Fund are deemed to constitute "plan assets", the Directors will act as a custodian with respect to the assets of such investor, but is not intended to be a fiduciary with respect to the assets of the investor for purposes of Title I of ERISA, Section 4975 of the IRC or any applicable Similar Law. The Directors will exercise the voting, consent, instruction or request rights of the Feeder Fund (in its capacity as a Master Fund investor) with respect to an investor's indirect proportionate interest in the Master Fund only with the consent of or at the direction of such investor in accordance with the terms of this Private Placement Memorandum. Moreover, each investor will further represent, warrant and undertake that it will not take any position to the contrary of this paragraph.

Among other issues that might arise if the Feeder Fund's assets are assets of a Plan are issues relating to reporting, custody and bonding. In preparing its annual reports, an ERISA Plan investing in the Feeder Fund may need to report not only information with respect to its interest in the Feeder Fund, but also information with respect to the underlying assets of the Feeder Fund. The Feeder Fund will not be obligated to undertake any special reporting directly to the DOL that might be available to certain look-through entities. Pursuant to ERISA, none of the indicia of ownership of an ERISA Plan's asset may be held outside the jurisdiction of the U.S. Federal District Courts, unless, generally, the asset is a foreign security or foreign currency held incident to the purchase, sale or maintenance of such a security and certain other requirements are met. ERISA also requires that anyone handling the assets of an ERISA Plan be bonded as provided therein. If necessary, the Feeder Fund will be procuring its own bond as required by ERISA in the event the assets of the Feeder Fund are considered "plan assets" subject to Title I of ERISA. Each ERISA Plan will need to determine for itself on the advice of counsel whether each of the arrangements described in this paragraph are sufficient. There can be no assurance that the fiduciary responsibility and prohibited transaction provisions of ERISA will not be applicable to activities of the Feeder Fund.

Similar Plans

"Governmental plans" within the meaning of Section 3(32) of ERISA, "church plans" within the meaning of Section 3(33) of ERISA that have made no election under Section 410(d) of the IRC and non-U.S. plans described in Section 4(b)(4) of ERISA, while not subject to the fiduciary responsibility and prohibited transaction provisions of Title I of ERISA and Section 4975 of the IRC, may nevertheless be subject to a U.S.

federal, state, local or non-U.S. law or regulation that contains one or more provisions that are similar to the foregoing provisions of ERISA and the IRC ("**Similar Law**").

Representations and Warranties

Each prospective investor in the Fund will be required to represent in the Application Form that (a) it is or it is not a Benefit Plan Investor or a Controlling Person and (b) its acquisition, holding and disposition of an interest in the Fund will not result in or constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the IRC or a violation of any applicable Similar Law.

Each prospective investor that is a Benefit Plan Investor will be deemed to have represented and warranted by its investment that (x) none of the Transaction Parties has provided any investment recommendation or investment advice to the Benefit Plan Investor, or any fiduciary or other person investing on behalf of the Benefit Plan Investor or who otherwise has discretion or control over the investment and management of "plan assets" ("**Plan Fiduciary**"), on which either the Benefit Plan Investor or Plan Fiduciary has relied in connection with the decision to invest in the Fund, (y) the Transaction Parties are not otherwise acting as a "fiduciary", as that term is defined in Section 3(21) of ERISA or Section 4975(e)(3) of the IRC, to the Benefit Plan Investor or Plan Fiduciary in connection with the Benefit Plan Investor's investment in the Fund and (z) the Plan Fiduciary is exercising its own independent judgment in evaluating the transaction.

The foregoing discussion is general in nature and is not intended to be all-inclusive. Whether or not the underlying assets of the Fund are deemed to be "plan assets", an investment in the Fund by a Benefit Plan Investor is subject to Title I of ERISA or Section 4975 of the IRC. Accordingly, Plan Fiduciaries should consult their own counsel as to the consequences under ERISA and the IRC of an investment in the Fund. Fiduciaries of other plans, in consultation with their advisors, should consider the impact of their applicable Similar Laws on an investment in the Fund and the considerations discussed above.

17. REGULATORY AND OTHER MATTERS

Cayman Islands

Mutual Funds Act

The Feeder Fund and the Master Fund each fall within the definition of a "Mutual Fund" in terms of the Mutual Funds Act and accordingly are regulated under the Mutual Funds Act and are registered with the Cayman Islands Monetary Authority. However, neither the Fund nor the Master Fund is required to be licensed or employ a licensed mutual fund administrator since the minimum aggregate investment purchasable by a prospective investor in the Feeder Fund (or the Master Fund) is equal to or exceeds US\$100,000. As regulated mutual funds, the Feeder Fund and the Master Fund are subject to the supervision of the Cayman Islands Monetary Authority which has supervisory and enforcement powers to ensure compliance with the Mutual Funds Act. Regulation under the Mutual Funds Act entails the filing of this Private Placement Memorandum and details of any changes that materially affect any information in this Private Placement Memorandum with the Cayman Islands Monetary Authority. The Feeder Fund and the Master Fund must also file annually with the Cayman Islands Monetary Authority audited accounts (approved by an approved auditor) together with a return containing particulars specified by the Monetary Authority, within six months of their financial year end or within such extension of that period as the Monetary Authority may allow. A prescribed fee must also be paid annually. The Cayman Islands Monetary Authority may at any time instruct the Feeder Fund or the Master Fund to have its or their accounts audited and to submit them to the Cayman Islands Monetary Authority within such time as the Cayman Islands Monetary Authority specifies. Failure to comply with these requests by the Cayman Islands Monetary Authority may result in substantial fines on the part of the Directors and may result in the Cayman Islands Monetary Authority applying to the court to have the Feeder Fund or the Master Fund wound up.

Neither the Feeder Fund nor the Master Fund are, however, subject to supervision in respect of their investment activities or the constitution of the Master Fund's portfolio by the Cayman Islands Monetary Authority or any other governmental authority in the Cayman Islands, although the Cayman Islands Monetary Authority does have power to investigate the activities of the Feeder Fund and the Master Fund in certain circumstances. Neither the Cayman Islands Monetary Authority nor any other governmental authority in the Cayman Islands has commented, or will comment upon or approved the terms or merits of this Private Placement Memorandum. There is no investment compensation scheme available to investors in the Cayman Islands.

The Cayman Islands Monetary Authority may take certain actions if it is satisfied that a regulated mutual fund:

- (a) is or is likely to become unable to meet its obligations as they fall due;
- (b) is carrying on or is attempting to carry on business or is winding up its business voluntarily in a manner that is prejudicial to its investors or creditors;
- (c) is not being managed in a fit and proper manner; or

- (d) has persons appointed as a Director or officer that is not a fit and proper person to hold the respective position.

The powers of the Cayman Islands Monetary Authority include, *inter alia*, the power to require the substitution of the directors of the Feeder Fund or the Master Fund, to appoint a person to advise the Feeder Fund or the Master Fund on the proper conduct of its affairs or to appoint a person to assume control of the affairs of the Feeder Fund or the Master Fund, as the case may be. There are other remedies available to the Cayman Islands Monetary Authority including the ability to apply to court for approval of other actions.

A MUTUAL FUND LICENCE ISSUED OR A FUND REGISTERED BY THE CAYMAN ISLANDS MONETARY AUTHORITY DOES NOT CONSTITUTE AN OBLIGATION OF THE CAYMAN ISLANDS MONETARY AUTHORITY TO ANY INVESTOR AS TO THE PERFORMANCE OR CREDITWORTHINESS OF THE FUND.

FURTHERMORE, IN ISSUING SUCH A LICENCE OR IN REGISTERING A FUND, THE CAYMAN ISLANDS MONETARY AUTHORITY SHALL NOT BE LIABLE FOR ANY LOSSES OR DEFAULT OF THE FUND OR FOR THE CORRECTNESS OF ANY OPINIONS OR STATEMENTS EXPRESSED IN ANY PROSPECTUS OR OFFERING DOCUMENT.

Anti-Money Laundering

In order to comply with legislation or regulations aimed at the prevention of money laundering the Feeder Fund is required to adopt and maintain anti-money laundering procedures, and may require subscribers to provide evidence to verify their identity, the identity of their beneficial owners/controllers (where applicable), and source of funds. Where permitted, and subject to certain conditions, the Feeder Fund may also delegate the maintenance of its anti-money laundering procedures (including the acquisition of due diligence information) to a suitable person.

The Feeder Fund, and the Administrator on the Feeder Fund's behalf, and the Investment Manager reserve the right to request such information as is necessary to verify the identity of a Shareholder (i.e. a subscriber or a transferee) and the identity of their beneficial owners/controllers (where applicable). The Administrator may use the information provided by a subscriber or transferee in support of anti-money laundering or similar reviews, including sharing the information with other funds in which the subscriber or transferee may invest as part of such reviews. Depending on the circumstances of each application, a detailed verification might not be required where:

1. the applicant is a relevant financial business required to comply with the Anti-Money Laundering Regulations (as amended) of the Cayman Islands (the "**Anti-Money Laundering Regulations**") or is a majority-owned subsidiary of such a business; or
2. the applicant is acting in the course of a business in relation to which a regulatory authority exercises regulatory functions and which is in a country, assessed by the Feeder Fund as having a low degree of risk of money laundering, terrorist financing and proliferation financing in accordance with the Anti-

Money Laundering Regulations (as amended) (each a "**Low Risk Country**") or is a majority-owned subsidiary of such an applicant; or

3. the applicant is a central or local government organisation, statutory body or agency of government in the Cayman Islands or a Low Risk Country; or
4. the applicant is a company that is listed on a recognised stock exchange and subject to disclosure requirements which impose requirements to ensure adequate transparency of beneficial ownership, or is a majority-owned subsidiary of such a company; or
5. the applicant is a pension fund for a professional association, trade union or is acting on behalf of employees of an entity referred to in sub-paragraphs (1) to (4); or
6. the application is made through a nominee which falls within one of sub-paragraphs (1) to (5); or
7. the applicant is relying on an introduction from an introducer which falls within one of sub-paragraphs (1) to (5) above.

In the situations referred to in sub-paragraphs (6) and (7) above, the Funds may rely on a written assurance from the nominee or the introducer (as applicable) which confirms (i) that the requisite identification and verification procedures on the applicant for business and (for introducers only) its beneficial owners have been carried out; (ii) the nature and intended purpose of the business relationship; (iii) that the nominee or the introducer has identified the source of funds of the applicant for business; (iv) (for introducers only) that the introducer is supervised or monitored by an overseas regulatory authority and has measures in place to comply with customer due diligence and record keeping requirements and (v) that the nominee or the introducer shall make available copies of any identification and verification data or information and relevant documents.

Alternatively, if the subscription payment is remitted from an account (or joint account) held in the applicant's name at a bank in the Cayman Islands or a bank regulated in a Low Risk Country, a detailed verification might not be required at the time of subscription. In this situation the Fund may require evidence identifying the branch or office of the bank from which the monies have been transferred, verify that the account is in the name of the applicant and retain a written record of such details. However, a detailed verification will need to be carried out prior to any redemption.

In the event of delay or failure on the part of the subscriber in producing any information required for verification purposes, the Feeder Fund, the Administrator on the Feeder Fund's behalf or the Investment Manager, may refuse to accept the application until proper and satisfactory information has been provided, in which case any funds received may be returned without interest to the account from which they were originally debited. The Feeder Fund, the Administrator, and the Investment Manager shall have no liability if there are losses due to a delay in or refusal to admit the subscriber, as a result of inadequate information from the subscriber.

The Feeder Fund, the Administrator on the Feeder Fund's behalf and the Investment Manager, also reserve the right to refuse to make any redemption or dividend payment to a Shareholder if the Investment Manager, Directors or the Administrator suspect or are advised that the payment of redemption or dividend proceeds to such Shareholder may be non-compliant with applicable laws or regulations, or if such refusal is considered necessary or appropriate to ensure the compliance by the Feeder Fund, the Administrator or the Investment Manager with any applicable laws or regulations. Additionally, the Administrator and its agents may request such further information as they consider necessary to process a redemption request and may refuse to remit redemption proceeds (that is "freeze" the redemption proceeds) until proper and satisfactory information has been provided.

If any person resident in the Cayman Islands knows or suspects or has reasonable grounds for knowing or suspecting that another person is engaged in criminal conduct or is involved with terrorism or terrorist property and the information for that knowledge or suspicion came to their attention in the course of business in the regulated sector, or other trade, profession, business or employment, the person will be required to report such knowledge or suspicion to (i) the Financial Reporting Authority of the Cayman Islands, pursuant to the Proceeds of Crime Act (as amended) of the Cayman Islands if the disclosure relates to criminal conduct or money laundering, or (ii) a police officer of the rank of constable or higher, or the Financial Reporting Authority, pursuant to the Terrorism Act (as amended) of the Cayman Islands, if the disclosure relates to involvement with terrorism or terrorist financing and property. Such a report shall not be treated as a breach of confidence or of any restriction upon the disclosure of information imposed by any enactment or otherwise.

If a person (the Fund or its delegates or agents, including the Administrator) has a suspicion that a payment to the Fund (by way of subscription or otherwise) contains the proceeds of criminal conduct, that person is required to report such suspicion pursuant to The Criminal Justice (Terrorist Offences) Act 2005, The Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 (each of Ireland), The 3rd EU Money Laundering Directive or any other such law, and such report shall not be treated as a breach of any restriction upon the disclosure of information imposed by any enactment or otherwise.

As a regulated mutual fund in the Cayman Islands, the Master Fund is also subject to the same legislation and regulations aimed at the prevention of money laundering that are applicable to the Feeder Fund. The Master Fund will discharge its obligations by implementing procedures substantially similar to the Feeder Fund.

By subscribing for Shares, investors consent to the disclosure by the Fund and the Administrator of any information about them to regulators and others upon request in connection with money laundering and similar matters both in the Cayman Islands and in other jurisdictions.

Anti-Money Laundering Officers

Pursuant to the Anti-Money Laundering Regulations, the Feeder Fund and Master Fund must designate natural persons to act as its Anti-Money Laundering Compliance Officer, Money Laundering Reporting Officer and Deputy Money Laundering Reporting Officer (the "**AML Officer Roles**"). The Directors have ensured that natural

persons have been designated to perform the AML Officer Roles in accordance with Cayman Islands law. Investors may obtain details (including contact details) of the current AML Officers of the Feeder Fund and the Master Fund, by contacting the Investment Manager at compliance@greenlanecap.com.

Master Fund Subscriptions, Redemptions and Calculation of Net Asset Value

Unless otherwise specifically stated herein, subscriptions, redemptions, calculation of net asset value and other corporate mechanics taking place at the Master Fund level will generally be effected in a manner which corresponds to those taking place at the Feeder Fund level (as more specifically set out in this Private Placement Memorandum and the Articles), save that certain requests and notices (including, for example, subscription and redemption requests) may be deemed automatically submitted, served or withdrawn by the Fund or the Master Fund, as applicable, in order to give effect to the intended operation of the master-feeder structure and provided further any fees or expenses charged at the Feeder Fund level will not also be charged at the Master Fund level.

Requests for Information

The Feeder Fund, the Master Fund or any of its or their Directors or agents domiciled in the Cayman Islands, may be compelled to provide information, including, but not limited to, information relating to a subscriber, and where applicable the subscriber's beneficial owners and controllers, subject to a request for information made by a regulatory or governmental authority or agency under applicable law; e.g. by the Cayman Islands Monetary Authority, either for itself or for a recognised overseas regulatory authority, under the Monetary Authority Act (as amended), or by the Tax Information Authority, under the Tax Information Authority Act (as amended) or Reporting of Savings Income Information (European Union) Act (as amended) of the Cayman Islands and associated regulations, agreements, arrangements and memoranda of understanding.

In addition, the Cayman Islands has also committed to the implementation of the CRS. The AEOI Regulations give effect to the CRS, which require reporting financial institutions to identify, and report information in respect of specified persons in the jurisdictions which sign and implement the CRS ("**Reportable Jurisdictions**"). Under the AEOI Regulations, the Feeder Fund and the Master Fund may be required to make certain disclosures in respect of investors who are resident in a Reportable Jurisdiction or whose "Controlling Persons" (if applicable) are resident in a Reportable Jurisdiction. Disclosure of confidential information under such laws shall not be regarded as a breach of any duty of confidentiality and, in certain circumstances, the Feeder Fund, the Master Fund, or any of its or their Director or agent, may be prohibited from disclosing that the request has been made.

Beneficial Ownership Regime

The Fund is regulated as a mutual fund under the Mutual Funds Act (as amended) of the Cayman Islands and, accordingly, does not fall within the scope of the primary obligations under Part XVIIIA of the Companies Act (as amended) of the Cayman Islands (the "**Beneficial Ownership Regime**"). The Fund is therefore not required to maintain a beneficial ownership register. The Fund may, however, be required from

time to time to provide, on request, certain particulars to other Cayman Islands entities which are within the scope of the Beneficial Ownership Regime and which are therefore required to maintain beneficial ownership registers under the Beneficial Ownership Regime. It is anticipated that such particulars will generally be limited to the identity and certain related particulars of (i) any person holding (or controlling through a joint arrangement) a majority of the voting rights in respect of the Fund; (ii) any person who is a member of the Fund and who has the right to appoint and remove a majority of the Board of Directors of the Fund; and (iii) any person who has the right to exercise, or actually exercises, dominant direct influence or control over the Fund.

Sanctions

The Fund 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 Fund will require the subscriber 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 ("**Related 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**") or pursuant to European Union ("**EU**") and/or United Kingdom ("**UK**") Regulations (as the latter are extended to the Cayman Islands by Statutory Instrument), (ii) operationally based or domiciled in a country or territory in relation to which sanctions imposed by the United Nations, OFAC, the EU and/or the UK apply, or (iii) otherwise subject to sanctions imposed by the United Nations, OFAC, the EU or the UK (including as the latter are extended to the Cayman Islands by Statutory Instrument) (collectively, a "**Sanctions Subject**").

Where the subscriber or a Related Person is or becomes a Sanctions Subject, the Fund may be required immediately and without notice to the subscriber to cease any further dealings with the subscriber and/or the subscriber's interest in the Fund until the subscriber ceases to be a Sanctions Subject, or a licence is obtained under applicable law to continue such dealings (a "**Sanctioned Persons Event**"). The Fund, the Directors, the Administrator and the Investment 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 subscriber as a result of a Sanctioned Persons Event.

In addition, should any investment made on behalf of the Fund subsequently become subject to applicable sanctions, the Fund may immediately and without notice to the subscriber 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 (a "**Sanctioned Investment Event**"). Should a Sanctioned Investment Event occur, the Fund may exercise its power to treat such investment as a Dislocated Asset, the consequences of which are disclosed in section 12 (*Valuation*).

United States

Securities Act

The offer and sale of the Shares will not be registered under the Securities Act or any other securities law of the United States, including state securities or blue sky laws. The Shares will be offered and sold outside of the United States to non-U.S. Persons in accordance with Regulation S promulgated under the Securities Act, and will be offered and sold in the United States and to U.S. Persons for investment purposes only in reliance upon the exemption from registration provided by Section 4(a)(2) thereof and/or Regulation D promulgated thereunder. Each prospective investor in the Fund will be required to make customary private placement representations, including that such investor is acquiring Shares for its own account for investment and not with a view to resale or distribution. Further, each Shareholder must be prepared to bear the economic risk of the investment in the Shares for an indefinite period of time, because the Shares cannot be transferred or resold except as permitted under this Private Placement Memorandum, the subscription agreement, the Securities Act and any applicable state securities laws whether pursuant to registration or an exemption therefrom. It is unlikely that the Shares will ever be registered under the Securities Act or applicable state securities laws.

1940 Act

The Fund does not intend to register as an investment company under the 1940 Act, in reliance upon one or more exclusions or exemptions under the 1940 Act. Shareholders in the Fund will therefore not receive the protections afforded by the 1940 Act to investors in a registered investment company.

Advisers Act

The Investment Manager is not registered as an investment adviser with the SEC and, accordingly, the protections of such registration will not be available to the Fund or any Fund investor.

Other Jurisdictions

In addition, 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 "**Requirements**") and the Fund could be requested or required to obtain certain assurances from applicants subscribing for 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. In order to comply with applicable Requirements to which the Fund is or may become subject, each applicant may need to provide additional information or take such other actions as may be necessary or advisable for the Fund (in the sole judgment of the Fund and/or the Administrator) to comply with any applicable Requirements, related legal process or appropriate requests (whether formal or informal) or otherwise. The Fund and its agents may disclose to relevant third parties information pertaining to the applicant in respect of applicable Requirements or information requests related thereto.

Inspection of Documents

Copies of the following documents are available for inspection at the offices of the Investment Manager:

- (a) the Articles of the Feeder Fund and the Master Fund;
- (b) the Companies Act;
- (c) the Mutual Funds Act; and
- (d) annual reports of the Fund.

Data Protection Consent/Confidentiality

Subject to the DPL, the Data Protection Legislations and as set out below, each subscriber will be requested to acknowledge and consent that the Fund, the Administrator and/or the Investment Manager may disclose to each other, to any regulatory body, to a delegate, agent or any other service provider in any jurisdiction, including those outside of the U.S., Cayman Islands, Bermuda or the European Economic Area, copies of the subscriber's subscription application and any information concerning the subscriber provided by the subscriber to the Fund, the Administrator and/or the Investment Manager. Any such disclosure shall not be treated as a breach of any restriction upon the disclosure of information imposed on such person by law or otherwise.

Prospective investors should be aware that, in making an investment in the Feeder Fund/ Master Fund, and interacting with the Feeder Fund/ Master Fund, its Affiliates and/or delegates by:

- (a) submitting the subscription documents;
- (b) communicating through telephone calls, written correspondence and emails (all of which may be recorded); or
- (c) providing Personal Data concerning individuals connected with the investor (such as directors, trustees, employees, representatives, shareholders, investors, clients, beneficial owners and/or agents),

they will be providing the Feeder Fund/ Master Fund, its Affiliates and/or delegates with Personal Data.

The Feeder Fund/ Master Fund have prepared a data privacy notice ("**DPN**") detailing how the Fund will collect Personal Data, where it collects it from, and the purposes for which the Personal Data is used. This DPN explains what rights are given to individuals, how long Personal Data will be retained, who it will be shared with, the purposes of the processing, whether Personal Data is transferred outside of the European Economic Area, and relevant contacts.

All new investors will receive an advance copy of the DPN as part of the process to subscribe for Shares in the Fund. All new investors should read the DPN carefully

before sharing any Personal Data in accordance with the steps noted in (i), (ii) and (iii) above.

If you have any questions or concerns regarding the processing of Personal Data, please contact compliance@greenlanecap.com.

18. LEGAL COUNSEL

Clifford Chance

Clifford Chance acts as international counsel to the Fund in connection with the offering of the Shares. In connection with the Fund's offering of Shares and subsequent advice to the Fund, Clifford Chance will not be representing Shareholders. No independent legal counsel has been retained to represent the Shareholders. Clifford Chance's representation of the Fund is limited to specific matters as to which it has been consulted by the Fund. There may exist other matters that could have a bearing on the Fund as to which Clifford Chance has not been consulted. In addition, Clifford Chance does not undertake to monitor compliance by the Investment Manager and its Affiliates with the investment program, valuation procedures and other guidelines set forth herein, nor does Clifford Chance monitor ongoing compliance with applicable laws. In the course of advising the Fund, there are times when the interests of Shareholders may differ from those of the Fund. Clifford Chance does not represent the Shareholders' interests in resolving these issues. In reviewing this Private Placement Memorandum, Clifford Chance has relied upon information furnished to it by the Fund and the Investment Manager and has not investigated or verified the accuracy and completeness of information set forth herein concerning the Fund.

Walkers

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

APPENDIX A

Definition of U.S. Person

- (1) Pursuant to Rule 902 of Regulation S promulgated under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), "U.S. Person" means:
 - (a) any natural person resident in the United States;
 - (b) any partnership or corporation organized or incorporated under the laws of the United States;
 - (c) any estate of which any executor or administrator is a U.S. Person;
 - (d) any trust of which any trustee is a U.S. Person;
 - (e) any agency or branch of a non-U.S. entity located in the United States;
 - (f) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. Person;
 - (g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; and
 - (h) any partnership or corporation if:
 - (i) organized or incorporated under the laws of any non-U.S. jurisdiction; and
 - (ii) formed by a U.S. Person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organized or incorporated, and owned, by accredited investors (as defined in Rule 501(a) under the Securities Act) who are not natural persons, estates or trusts.
- (2) Notwithstanding (1) above the following are not U.S. Persons:
 - (a) any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-U.S. Person by a dealer or other professional fiduciary organized, incorporated, or (if an individual) resident in the United States;
 - (b) any estate of which any professional fiduciary acting as executor or administrator is a U.S. Person if:
- (3) Notwithstanding (1) above, any estate of which any professional fiduciary acting as executor or administrator is a U.S. Person shall not be deemed a U.S. Person if:
 - (a) an executor or administrator of the estate who is not a U.S. Person has sole or shared investment discretion with respect to the assets of the estate; and

- (b) the estate is governed by non-U.S. law.
- (4) Notwithstanding (1) above, any trust of which any professional fiduciary acting as trustee is a U.S. Person shall not be deemed a U.S. Person if a trustee who is not a U.S. Person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settlor if the trust is revocable) is a U.S. Person.
- (5) Notwithstanding (1) above, an employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country shall not be deemed a U.S. Person.
- (6) Notwithstanding (1) above, any agency or branch of a U.S. Person located outside the United States shall not be deemed a "U.S. Person" if:
 - (a) the agency or branch operates for valid business reasons; and
 - (b) the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located.
- (7) The International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the United Nations, and their agencies, affiliates and pension plans, and any other similar international organizations, their agencies, affiliates and pension plans shall not be deemed "U.S. Persons."