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# **STONEYLAKE GLOBAL ALPHA FUND**

**(“Company”)**

(an exempted company incorporated in the Cayman Islands with limited liability)

## **PRIVATE PLACING MEMORANDUM**

relating to

the placing of up to 499,990,000 Participating Shares with a par value of US\$0.0001 each at the Subscription Price per Participating Share

**July 2022**

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## PRELIMINARY

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

This Placing Memorandum has been prepared in connection with an initial and subsequent offer of Participating Shares. Participating Shares of such Class or Classes as the Directors may from time to time designate may be issued on any Subscription Day at the Subscription Price and may be redeemed on any Redemption Day at the Redemption Price in the manner described below in the section headed “5. Investing in the Company”.

The Directors, whose names appear below in the section headed “4. Management and Administration - Directors”, accept responsibility for the information contained in this Placing Memorandum. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Placing Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information as at the date of this Placing Memorandum. The Directors may at their discretion supplement, update, revise, restate and/or amend this Placing Memorandum from time to time.

The Articles give powers to the Directors to compulsorily redeem Participating Shares held by any person at their option, at any time and in the complete and unfettered discretion of the Directors. Without limiting the generality of the foregoing, the Directors may require the redemption or transfer of Participating Shares, inter alia, held by any person who is not a Qualified Holder or by any person in breach of any law or requirement of any jurisdiction or by any person or persons in circumstances which, in the opinion of the Directors, might result in the Company, any Shareholder or any Service Provider (or any person connected with any of them) breaching any law or requirement of any jurisdiction, incurring any liability to taxation or suffering any other pecuniary disadvantage which the Company, any Shareholder or any Service Provider might not otherwise have incurred or suffered or which might subject the Company, any Shareholder or any Service Provider to comply with any registration, licensing, approval or filing requirements in any jurisdiction with which it would not otherwise be required to comply.

Any information given or representation made by any dealer, salesman or other person and (in either case) not contained herein should be regarded as unauthorised and, accordingly, should not be relied upon. Neither the delivery of this Placing Memorandum nor the offer, issue or sale of Participating Shares shall, under any circumstances, constitute a representation that the information contained in this Placing Memorandum is correct as of any time subsequent to the date hereof.

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

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

The Company may be subject to anti-money laundering regulation in multiple jurisdictions. Under such regulation, the Company may be required to implement an internal anti-money laundering compliance

program; any information obtained as part of the Company's anti-money laundering procedures (including records of the Company) may be required to be disclosed to anti-money laundering authorities in such jurisdictions.

No action has been taken to permit the distribution of this Placing Memorandum in any jurisdiction where action would be required for such purpose and the Company is not registered or licensed in any jurisdiction or with any supervisory or regulatory authority outside the Cayman Islands. Accordingly, no person receiving a copy of this Placing Memorandum and/or an Application Form in any territory may treat the same as constituting an invitation or offer to him to purchase or subscribe for Participating Shares nor should he in any event use such an Application Form unless in the relevant territory such an invitation or offer could lawfully be made without compliance with any registration or other legal requirement.

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

In particular, potential investors should note the following:

### **Cayman Islands**

No offer or invitation to subscribe for Participating Shares may be made to the public in the Cayman Islands. This Placing Memorandum does not constitute such an offer or invitation. Subject to such higher minimum as the Company may determine, pursuant to the Mutual Funds Act (As Revised) of the Cayman Islands the minimum aggregate equity interest purchasable by a prospective investor is eighty thousand Cayman Islands dollars (CI\$80,000) (or its equivalent in any other currency, being approximately US\$100,000).

A MUTUAL FUND LICENCE ISSUED OR A FUND REGISTERED BY THE CAYMAN ISLANDS MONETARY AUTHORITY DOES NOT CONSTITUTE AN OBLIGATION OF THE 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 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.

### **Hong Kong**

#### **WARNING:**

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

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

*Only for investors who are either (i) individuals or (ii) Corporate Professional Investors (as defined in the Code of Conduct for Persons Licensed By or Registered With the Securities and Futures Commission (the “Code of Conduct”)) who are not exempt from chapter 15.4 of the Code of Conduct: - If we, Stoneylake Asset Management (Hong Kong) Limited, solicit the sale of or recommend any financial product to you, the financial product must be reasonably suitable for you having regard to your financial situation, investment experience and investment objectives. No other provision of this document or any other document we may ask you to sign and no statement we may ask you to make derogates from this clause.*

Unless otherwise stated in this Placing Memorandum, an investment in the Company is not guaranteed or principal protected. Past performance is not indicative of future performance.

## **China**

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

## **AIFMD**

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

## **United States of America (“U.S.” or “US”)**

The Participating Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), or any state or other securities laws, and may not be offered or sold in the United States of America or to US Persons other than distributors, unless the Participating Shares are registered under the Securities Act, or an exemption from the registration requirements of the Securities Act is available. The Company will not be registered under the United States Investment Company Act of 1940, as amended (the “**Investment Company Act**”) in reliance on exemptions thereunder. Accordingly, the Participating Shares are subject to further restrictions on transferability and resale and may not be transferred or resold to US Persons except as permitted under the Securities Act, the Investment Company Act and any other applicable federal, state or other securities laws, pursuant to registration or an exemption

from them. There will be no public market for the Participating Shares, and there is no obligation on the part of any person to register the Participating Shares under the Securities Act or any state securities laws.

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

## **Singapore**

This Placing Memorandum has not been registered and will not be registered as a prospectus with the Monetary Authority of Singapore, and the Company is not authorised or recognised by the Monetary Authority of Singapore. Accordingly, this Placing Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Participating Shares may not be circulated or distributed, nor may Participating Shares be offered and sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to the public or any member of the public in Singapore unless permitted under any applicable exemption. Moreover, this Memorandum is not a prospectus as defined in the Securities and Futures Act (Cap. 289) of Singapore (the "SFA"). Accordingly, statutory liability under the SFA in relation to the content of prospectuses would not apply. Investors should consider carefully whether the investment is suitable in light of their own personal circumstances.

## **Other Jurisdictions**

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

**An investment in the Company may be deemed speculative and is not intended as a complete investment program. It is designed only for experienced and sophisticated persons who are able to bear the risk of the substantial impairment or loss of their investment in the Company. There will not be any public market for the Participating Shares and the Participating Shares are not listed on any stock exchange. This Placing Memorandum and the Articles together provide for restrictions on dealing with Participating Shares.**

**Statements made in this Placing Memorandum are based on the law and practice in force at the date hereof and are subject to changes therein.**

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## 1. DEFINITIONS

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<b>“Administration Agreement”</b>	the agreement between the Company and the Administrator, by which the Company has appointed the Administrator to provide certain administrative, transfer agent and registrar services to the Company;
<b>“Administrator”</b>	Citco Fund Administration (Cayman Islands) Limited in its capacity as the administrator, transfer agent and registrar of the Company. References to the “Administrator” in this Placing Memorandum shall, where appropriate, be deemed to include any duly appointed agent or delegate of the Administrator. The Administrator has currently delegated certain administrative functions to the Sub-Administrator;
<b>“Application Form”</b>	the application form or subscription agreement for the subscription of Participating Shares in the Company;
<b>“Articles”</b>	the articles of association of the Company as amended and/or restated from time to time;
<b>“Auditors”</b>	PricewaterhouseCoopers in its capacity as the auditors of the Company;
<b>“Base Currency”</b>	the currency of account of the Company, currently being US dollars;
<b>“Business Day”</b>	any day (excluding Saturday and Sunday) on which banks are open for usual business in Hong Kong and Singapore provided that where (as a result of a Number 8 or higher Typhoon Signal, Black Rainstorm Warning or other similar event) the period during which banks in Hong Kong or Singapore are open on any day is reduced, such day shall not be a Business Day unless the Directors otherwise determine;
<b>“Class”</b>	a class of Participating Shares issued at the discretion of the Directors; the specific features of each class are set out more particularly in the section headed “5. Investing in the Company – Classes of Participating Shares”;
<b>“Class Currency”</b>	in relation to a Class, the currency of account of such Class;
<b>“Company”</b>	Stoneylake Global Alpha Fund;
<b>“Companies Act”</b>	the Companies Act (As Revised) of the Cayman Islands;
<b>“Custodian”</b>	such entity as may be appointed from time to time as a custodian of the assets of the Company other than assets held by the Prime Broker;
<b>“Directors”</b>	the directors of the Company or any duly appointed committee thereof;

<b>“Designated Investment NAV”</b>	the net asset value of the Designated Investments and Designated Investment Shares, calculated in accordance with the Articles and this Placing Memorandum;
<b>“Designated Investment Share”</b>	means a Class of Participating Shares, as further described in the section headed “5. Investing in the Company - Designated Investments”;
<b>“Designated Investment Shareholder”</b>	means a Shareholder that elects to or is deemed to agree to participate in Designated Investments;
<b>“Designated Investments”</b>	means those investments or proposed investments of the Company which are classified by the directors of the Company at the time of acquisition, in their absolute discretion, as illiquid investments;
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the People’s Republic of China;
<b>“Initial Offer Period”</b>	the period in which Participating Shares or a Class of Participating Shares are initially offered, as the Directors may determine, whether generally or in respect of any particular Class or Series of Participating Shares. The Initial Offer Period ended on 30 April 2021;
<b>“Investment Adviser”</b>	such entity or entities as may be appointed from time to time as investment adviser(s) to provide advisory services to the Company and/or the Manager;
<b>“Management Agreement”</b>	the agreement between the Company and the Manager, by which the Company has appointed the Manager as the manager of the Company to provide certain investment management, administrative and other general supervisory services;
<b>“Management Share”</b>	a voting, non-participating share having a par value of US\$0.01 each in the share capital of the Company which is issued as a Management Share and having the rights and being subject to the restrictions provided by or in accordance with the Articles and this Placing Memorandum;
<b>“Manager”</b>	Stoneylake Asset Management (Hong Kong) Limited;
<b>“Monetary Authority”</b>	the Cayman Islands Monetary Authority;
<b>“Mutual Funds Act”</b>	the Mutual Funds Act (As Revised) of the Cayman Islands;
<b>“Net Asset Value” or “NAV”</b>	the net asset value of the Company or (as the context may require) of a Participating Share or a Participating Share of a Class or of a Series (excluding the Designated Investment NAV), calculated in accordance with the Articles and this Placing Memorandum. For the avoidance of doubt, Designated Investments shall be valued separately from all other assets of the Company and the Designated Investment NAV shall not be included in determining either the Net Asset Value of the Company, or the Subscription Price or

Redemption Price, as the case may be, of the Participating Shares (other than the Designated Investment Shares);

**“Participating Share”**

a non-voting, participating redeemable share having a par value of US\$0.0001 in the share capital of the Company. Participating Shares may be divided into Classes in the discretion of the Directors in accordance with the provisions of the Articles and each Class may be further divided into different Series and the term “Participating Share” shall include all such Classes and Series of Participating Shares, provided that where the context requires, a reference to Participating Shares excludes Designated Investment Shares;

**“Payment Deadline”**

5:00 p.m. (Hong Kong time) on the 3<sup>rd</sup> Business Day before the relevant Subscription Day or such other time prior to the issue of the relevant Participating Shares as the Directors may in their discretion determine whether generally or in any particular case;

**“Prime Broker”**

Morgan Stanley & Co. International plc., Goldman Sachs International and UBS AG, London Branch, each in its capacity as prime broker in relation to the Company and/or such other entity appointed as a prime broker from time to time, each in its capacity as a prime broker in relation to the Company;

**“PRC”**

means the People’s Republic of China, which for the purposes of this definition shall exclude Taiwan and the special administrative regions of Hong Kong and Macau unless otherwise specified;

**“Qualified Holder”**

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

**“Realisation Event”**

an event when: (a) a Designated Investment (or a Designated Investment in the SPVs established by the Company, as applicable), in the opinion of the Manager, becomes liquid (including, without limitation, when there is a public offering of the securities constituting the Designated Investment, which offering the Manager determines reasonably values the Designated Investment established by the Company); or (b) a Designated Investment is liquidated, sold or otherwise disposed of by the Company (or the SPVs, as applicable);

<b>“Redemption Day”</b>	the last Business Day falling in each March, June, September and December, or such other day or days as the Directors may from time to time prescribe;
<b>“Redemption Dealing Deadline”</b>	5:00 p.m. (Hong Kong time) on the 30 calendar days before the relevant Redemption Day or such other time on such day before the Valuation Point in relation to the relevant Redemption Day as the Directors may in their discretion determine whether generally or in any particular case;
<b>“Redemption Price”</b>	the price calculated in the manner described in the section headed “ <i>11. Valuation and Prices - Subscription and Redemption Prices</i> ” at which Participating Shares will be redeemed;
<b>“Series”</b>	a separate series of Participating Shares of a Class (and includes any sub-series of any such Series);
<b>“Service Providers”</b>	any of the Manager, the Investment Adviser (if any), the Administrator, the Custodian (if any), the Prime Broker(s), and their respective delegates, as the context may require;
<b>“Shareholders”</b>	persons registered in the Company’s register of members as holders of Participating Shares;
<b>“Sub-Administrator”</b>	Citco Fund Services (Singapore) Pte. Ltd. in its capacity as the delegate of the Administrator;
<b>“Subscription Day”</b>	the first Business Day in each calendar month, or such other day or days as the Directors may from time to time prescribe;
<b>“Subscription Dealing Deadline”</b>	5:00 p.m. (Hong Kong time) on the 5th Business Day before the relevant Subscription Day or such other time on such day before the Valuation Point in relation to the relevant Subscription Day as the Directors may in their discretion determine whether generally or in any particular case;
<b>“Subscription Price”</b>	the price calculated in the manner described in the section headed “ <i>11. Valuation and Prices - Subscription and Redemption Prices</i> ” at which Participating Shares will be issued;
<b>“Stock Connects”</b>	the Shanghai – Hong Kong Stock Connect, Shenzhen – Hong Kong Stock Connect and other similar programmes to be implemented in the future;
<b>“US dollars”, “US\$” and “cents”</b>	the lawful currency of the United States of America;
<b>“US Person”</b>	a person who is so defined by Regulation S under the Securities Act of the United States of America, as amended;
<b>“Valuation Day”</b>	The last calendar day of each month, or such other day or days as the Directors may from time to time prescribe, at which the Net Asset Value falls to be calculated;

**“Valuation Point”**

the close of business in the last relevant market to close on each Valuation Day or such other time on such day in addition thereto or in substitution therefor as the Directors may from time to time prescribe.

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## 2. DIRECTORY

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Directors:	Fan ZHANG Anthony TSE Song WU
Registered Office:	c/o Maples Corporate Services Limited P.O. Box 309 Ugland House Grand Cayman KY1-1104 Cayman Islands
Manager:	Stoneylake Asset Management (Hong Kong) Limited Suit 1927, 19/F Two International Finance Centre 8 Finance Street Central Hong Kong
Administrator and Registrar:	Citco Fund Administration (Cayman Islands) Limited 89 Nexus Way, 2 <sup>nd</sup> Floor Camana Bay PO Box 31106 Grand Cayman KY1-1205 Cayman Islands
Sub-Administrator:	Citco Fund Services (Singapore) Pte. Ltd. 10 Changi Business Park Central 2 #01-02 Hansapoint@CBP Singapore 486030
Prime Brokers	Morgan Stanley & Co. International plc. 25 Cabot Square Canary Wharf London, E 14 4QA United Kingdom  Goldman Sachs International Plumtree Court 25 Shoe Lane London EC4A 4AU United Kingdom  UBS AG, London Branch 5 Broadgate London EC2M 2QS United Kingdom
Auditors:	PricewaterhouseCoopers 18 Forum Lane, Camana Bay P.O. Box 258 Grand Cayman KY 1-1104 Cayman Islands
Legal Advisers:	As to matters of Hong Kong law:-

Deacons  
5<sup>th</sup> Floor, Alexandra House  
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Central  
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As to matters of Cayman Islands law: -

Maples and Calder (Hong Kong) LLP  
26th Floor, Central Plaza  
18 Harbour Road  
Wanchai  
Hong Kong



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### 3. INVESTMENT CONSIDERATIONS

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#### *Investment Objective and Strategy*

##### *Investment Objective*

The principal investment objective of the Company is to maximise long-term capital growth through active investment in the financial markets.

##### *Investment Strategy*

The Company seeks to achieve its principal investment objective through investing primarily in equity and equity-related securities. The Company will adopt an active and fundamental investment approach as part of its equity long-short strategy in managing the assets of the Company.

The Company intends to invest in a portfolio primarily composed of around 5 to 40 of what the Manager believes to be the most attractive long/short investments that the Manager is able to identify and believes to be appropriate for the Company to invest in. The Manager aims to maximise long-term capital growth by holding concentrated positions in opportunities at such time as it believes would likely provide maximum reward. The Company will focus on investing in securities and equity-related securities of companies which the Manager believes have demonstrated sustained performance as a market leader. The Company also intends to short the securities of companies which the Manager believes have declined in importance, market share and/or margins in their relevant sectors.

The majority of the portfolio would be equity and equity-related securities of companies, which the Manager believes to have compelling opportunities in the equity markets of the PRC, Hong Kong, the United States and Europe. Equity and equity-related securities includes, but is not limited to, shares, depositary receipts, exchange traded funds (“**ETFs**”), listed real estate investment trusts, warrants, common stock, preferred stock, participation notes, swaps, futures, options and derivatives.

The Company may also invest in pre-IPO projects, private equity funds, private equity projects, and/or other illiquid investments/unlisted shares with a focus in the Asia-Pacific region, the United States and Europe (all or some of these investments will be the Designated Investments of the Company). The Manager has absolute discretion in determining whether or not an investment in illiquid investments/unlisted shares be classified as Designated Investments. The Company may gain direct or indirect exposure to China onshore equity securities. Direct exposure to onshore Chinese equity securities may be obtained through the Stock Connects and/or such other means as may be permitted under relevant regulations from time to time.

The Company may use derivative instruments for hedging and/or investment purposes.

Other investment instruments might also be selected into the portfolio to achieve the Company’s principal investment objective, including but not limited to fixed income securities and cash and cash equivalents.

The Company may hold 100 per cent. of its assets in cash or cash equivalents should the Manager deem such strategy to be prudent over any time period.

If the Directors, in consultation with the Manager, decide that the investment objectives and strategy of the Company are no longer viable they may resolve that the Company be managed with the objective of realising assets in an orderly manner and distributing the proceeds to Shareholders in such manner as they determine to be in the best interests of the Company, in accordance with the terms of the Articles (“**Soft Wind-Down**”), including, without limitation, compulsorily redeeming Participating Shares, paying any redemption proceeds in specie and/or declaring a suspension while assets are being realised. This process is integral to the business of the Company and may be carried out without recourse to a formal liquidation

under the Companies Act or any other applicable bankruptcy or insolvency regime, but shall be without prejudice to the right of the holder of the Management Shares to place the Company into liquidation.

### ***Investment Restrictions***

The Directors have resolved that the following investment restriction shall be applied in managing the assets of the Company:

- (a) the Company investments in pre-IPO projects, private equity funds, private equity projects, and/or other illiquid investments/unlisted shares will not exceed 40% of the sum of the latest Net Asset Value of the Company and the Designated Investment NAV. For further details of this investment restriction, please refer to the section headed “5. Investing in the Company - Designated Investments”; and
- (b) the gross exposure of the Company shall not exceed 300 per cent. of the sum of the Net Asset Value of the Company and the Designated Investment NAV. Gross exposure generally takes the sum of all long and short exposures, and divide this by the Company’s net asset value;

The above investment restrictions are an indication of the parameters within which it is anticipated the investments of the Company will be managed. If there is a breach of any of the limits, the Manager shall as soon as reasonably practicable take such steps to remedy the breach as it considers appropriate, having regard to the interests of the Shareholders, but shall not be under any further liability in respect of the breach.

The investment restrictions apply to any investment at the time such investment is made. The limits shall not be treated as being exceeded if exceeded as a result of movements in the relative value of investments of the Company after their acquisition, the exercise of rights arising in respect of such investments or as a result of the redemption of Participating Shares.

### ***Borrowing and Leverage***

The Company is authorised to borrow cash under loans and other credit facilities up to a maximum of 200 per cent. of the sum of the latest available Net Asset Value of the Company and the Designated Investment NAV in order to fund investments, to enhance its investment leverage, to pay expenses and to fund redemption requests, as may be determined by the Manager. Back to back borrowings will not be counted for the purposes of any limit on borrowings. Such limits shall only be measured at the time that any new borrowings are incurred, although the Manager shall, to the extent practicable, seek to comply with the borrowing limits on an ongoing basis, having regard to the terms of any existing loans and other credit facilities of the Company, and provided that the Manager shall not be required to reduce the level of any existing borrowings if doing so may be expected to have a material adverse effect on the existing investments of the Company.

In addition to such borrowings, as the Company may invest in derivatives and other instruments, the Company may also be implicitly leveraged through investment in financial derivative instruments and other investments with embedded leverage. The expected maximum level of leverage which may be employed on behalf of the Company through investment in financial derivative instruments is subject to the applicable investment restrictions as set out under the section headed “Investment Restrictions” above.

### ***Short Selling***

The Company may engage in “short sales”, that is, the practice of selling securities which are borrowed from a third party. The Company will be required to return, at the lender’s demand, securities equivalent to those borrowed for the short sale. Pending the return of such securities, the Company will be required to deposit with the lender as collateral the proceeds of the short sale plus additional cash or securities; the amount of the required deposit will be adjusted periodically to reflect any change in the market price of the security which the Company is required to return to the lender.

### ***Securities Lending and Repurchase / Reverse Repurchase Transactions***

The Company does not currently intend to engage in securities lending, repurchase or reverse repurchase transactions.

### ***Underwriting***

The Company does not currently intend to engage in underwriting transactions.

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

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

### ***Risk Management***

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

### ***Liquidity Risk Management Policy***

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

A summary of the liquidity risk management policy of the Manager will be provided separately by the Manager.

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## 4. MANAGEMENT AND ADMINISTRATION

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### ***Directors***

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

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

As at the date of this Placing Memorandum, the Directors of the Company are Fan ZHANG, Anthony TSE, and Song WU and their profiles are set out below. The service address for the Directors is the same as the Manager.

### **Fan ZHANG**

Mr. Zhang, PhD degree, graduated from Tsinghua University majoring in nuclear science and technology. He has more than 8 years of experience in securities investment. Mr. Zhang is currently the general manager and investment director of Beijing Stonelake Asset Management Co., Ltd. and is one of the responsible offers of the Manager and is licensed with the Securities and Futures Commission for type 4 (advising on securities) and type 9 (asset management) regulated activities with CE number BQJ805. Mr. Zhang has long-term business insight and strategic holding power. He has proved successes in investing in brand-based companies, platform-based companies, and leading companies under structural changes of different industries.

### **Anthony TSE**

Mr. Tse has more than 20 years of experience in roles across asset management and board directorship. His early years began at New York's Credit Suisse and Hong Kong's TPG Capital covering Australia, New Zealand and Greater China, followed by Gandhara Capital, a US\$3 billion hedge fund. In 2009, he founded his own hedge fund, Pangu Capital Limited as Type 9 Responsible Officer, CEO, Risk, Compliance and Portfolio Manager. After 6 years, he joined London's Visium Asset Management as Portfolio Manager. In 2017, he became Head of Global Equities at a Singapore-based family office, before joining Solas Fiduciary Services in 2019.

Mr. Tse is a proven Equity Long Short Portfolio Manager with positive returns on trailing 12 months. He has personally handled licensing with the Securities and Futures Commission and establishing best ESG practices. Mr. Tse has fundraised with family offices, private banks and institutions, and is a global investor in his own capacity. He is well-skilled in spearheading selection, investment and risk due diligence of hedge funds.

### **Song WU**

Mr. Wu has been working in the investment industry since 2008, with extensive experience in the hedge fund industry, including investment strategies, investment due diligence and compliance. Prior to that, Mr. Wu was a portfolio manager at a Shanghai listed securities company. He built up the fund-of-funds business line and managed three fund-of-funds products with a team of four professionals for over two years. Before that, he spent eight years at the largest university pension and endowment in Canada, conducting investment research and due diligence on hedge funds globally.

Mr. Wu is a Chartered Financial Analyst, Chartered Alternative Investment Analyst and Financial Risk Manager. He holds a Master in Financial Economics from the University of Toronto and a BA with Summa Cum Laude from the McMaster University in Canada.

The remuneration (if any) payable to the Directors is set out in the section headed “10. Charges and Expenses – General Expenses”. The Directors may fix the emoluments of Directors with respect to services to be rendered in any capacity to the Company.

Pursuant to the Articles, the Company shall indemnify and hold harmless each of the Directors from and against any liability incurred by them as a result of any act or failure to act in carrying out such Director’s functions other than such liability (if any) that such Director may incur by reason of such Director’s own gross negligence (as defined in the Articles), actual fraud or wilful default. Subject to the Articles, the indemnity obligations of the Company in respect of any Director may be varied from time to time by the terms of any director’s service agreement entered into by the Company in relation to the appointment of such Director, provided that such standard is equal to or more favourable (but not less favourable) to the Company than any standard specified under the Articles.

The Company may also take out, and pay for, insurance policies for the benefit of the Directors against any liability, including those which by any rule of law would attach to such Director in respect of any negligence, default, breach of duty or breach of trust of which such Director may be guilty in relation to the Company.

### ***Manager***

The Manager is Stoneylake Asset Management (Hong Kong) Limited. The Manager is responsible for managing the investment, sale and reinvestment of the Company’s assets.

The Manager is a limited liability company incorporated in Hong Kong on 22 July 2020. It is licensed by the Securities and Futures Commission in Hong Kong for type 4 (advising on securities) and type 9 (asset management) regulated activity with CE number BQF880.

The Manager’s type 4 and type 9 licences are subject to the following conditions:

- The licensee shall not hold client assets. The terms “hold” and “client assets” are as defined under the SFO; and
- The licensee shall only provide services to professional investors. The term “professional investor” is as defined in the SFO and its subsidiary legislation.

The Manager holds all 100 Management Shares issued in the capital of the Company.

The Manager is responsible for managing the investment, sale and reinvestment of the assets of the Company and has, subject to the terms of the Management Agreement, full discretionary investment management authority in respect thereof subject to the overall control and supervision of the Directors. The Manager will assist the Company in the selection, appointment and ongoing monitoring of the Auditors and other Service Providers.

Pursuant to the Management Agreement, the Directors have delegated to the Manager the investment management powers and functions in respect of the Company as set out in this Placing Memorandum subject to the overall supervision of the Directors. In addition, the Directors shall have the discretion to delegate to the Manager any other powers and functions of the Directors as they deem fit, including the power to exercise any of the discretions otherwise specified in this Placing Memorandum as being exercisable by the Directors.

The Management Agreement provides that the Company shall indemnify the Manager out of its assets against all actions, proceedings, claims, costs, demands and expenses which may be brought against, suffered or incurred by the Manager by reason of its performance or non-performance of its obligations or functions under the terms of the Management Agreement, except as shall arise from actual fraud, bad faith, wilful default or gross negligence in the performance or non-performance of such obligations or functions by the Manager.

The Management Agreement authorises the Manager to delegate responsibilities to others on such terms and conditions as the Manager thinks fit, including to appoint one or more investment advisers to manage, and/or provide investment advice relating to the management of the assets and investments of the Company.

Subject to the Management Agreement, the appointment of the Manager shall continue until terminated by, inter alia, either the Company or the Manager by not less than three months' written notice. In addition, the Management Agreement may be terminated in such other circumstances as specified in the Management Agreement.

The Manager is entitled to the fees mentioned below in the section headed "*10. Charges and Expenses – Manager's Fees*".

As at the date of this Placing Memorandum, the director of the Manager is Jiahao YIN, whose profile is set out below. The address of the director of the Manager is the same as the Manager.

### **Jiahao YIN**

Mr. Yin has been in the asset management industry for more than 6 years. He graduated from Simon Fraser University in Canada and has extensive investment experience in both private and public markets. Mr. Yin is one of the responsible offers of the Manager and is licensed with the Securities and Futures Commission for type 4 (advising on securities) and type 9 (asset management) regulated activities with CE number BDD365. Prior to joining the Manager, Mr. Yin established BG Asset Management Ltd. (previously known as Jaala Asset Management Ltd.) in 2014, which managed a hedge fund focusing on Asia Pacific market. Previously, he was also the director of Golden Great China Fund Management Ltd., which focus on private equity and public equity investments.

### ***Key Person Event***

In the event that the Directors have determined that Mr. Fan Zhang has ceased for any reason to devote the majority of his professional time and effort to the day-to-day management of the Manager and/or the Manager for a period of 45 consecutive days or 60 days in aggregate in any 90 days period ("**Key Person Event**"), the Directors (subject to receiving reasonable prior notification from the Manager) shall as soon as practicable send a written notice ("**Key Person Notice**") to the Shareholders.

Upon receipt of the Key Person Notice, Shareholders may redeem all or part of their Participating Shares on a Redemption Day specified in the Key Person Notice ("**Key Person Redemption Day**") provided that the applicable Redemption Dealing Deadline specified in the Key Person Notice ("**Special Redemption Deadline**") has been met. Any redemption charge that would otherwise be payable on the redemption of Participating Shares on the Key Person Redemption Day will be waived.

All other provisions in this Placing Memorandum in relation to redemptions of Participating Shares (including the powers of the Directors to suspend redemptions) shall continue to apply.

### ***Administrator***

The Company has entered into the Administration Agreement with Citco Fund Administration (Cayman Islands) Limited (the "**Administrator**"). The Administrator will perform certain administrative, accounting, registrar and transfer agency services for the Company, subject to the overall supervision of the Directors of the Company.

Pursuant to the Administration Agreement, the Administrator is responsible, under the overall supervision of the Directors, for matters pertaining to the day-to-day administration of the Company, namely: (i) calculating Net Asset Value of the Company and the Net Asset Value per Participating Share of each class and series (as the case may be) in accordance with the Company's valuation policies and procedures; (ii) maintaining the Company's financial books and records so far as may be necessary to give a complete

record of all transactions carried out by the Company; and (iii) providing registrar and transfer agency services in connection with the issuance, transfer and redemption of Participating Shares of the Company.

The registrar and transfer agency services to be provided by the Administrator will include (i) verifying the identity of prospective investors in accordance with applicable anti-money laundering policies and procedures, (ii) maintaining the Company's register of members, (iii) generally performing all actions related to the issuance, transfer and redemption of the Participating Shares of the Company, (iv) disseminating the Net Asset Value of the Participating Shares to Shareholders, (v) furnishing annual financial statements, as well as monthly shareholder statements to Shareholders, and (vi) performing certain other administrative and clerical services in connection with the administration of the Company as agreed between the Company and the Administrator.

The Administrator may utilize the services of its affiliates in connection with the services provided by the Administrator to the Company, and currently utilizes Citco Fund Services (Singapore) Pte Ltd as sub-administrator to the Company (the "**Sub-Administrator**") to provide certain accounting and registrar and transfer agency services to the Company. All fees and expenses of the Sub-Administrator will be paid by the Administrator out of its fee. The Sub-Administrator's principal business office is located at 10 Changi Business Park Central 2, #01-02 Hansapoint@CBP, Singapore 486030.

For the purposes of determining the Net Asset Value of the Company and the Net Asset Value per Share of each Class and series, the Administrator will follow the valuation policies and procedures adopted by the Company as set out in the section entitled "*11. Valuation and Prices - Calculation of Net Asset Value*". In calculating the Net Asset Value of the Company and the Net Asset Value of each investor's holdings in the Company, the Administrator shall, and shall be entitled to, rely on, and will not be responsible for the accuracy of, financial data, opinion, advice or information furnished to it by the Directors, the Manager, the Company's prime broker(s), market makers, valuation agents, independent third party pricing services, and/or industry standard pricing models, surveyors or other experts competent to give such financial data, opinion, advice or information in valuing/pricing any of the Company's securities or other assets (in each case, whether such data opinion, advice or information was commissioned or otherwise obtained by the Administrator, the Company, the Directors, and/or Manager). The Administrator may, in its absolute discretion, rely upon the most recent valuation report issued by a valuation agent as of a date prior to the date that the Net Asset Value is being calculated and shall not be liable to the Company in so doing. If the Directors and/or the Manager or any of their delegates are responsible for or otherwise involved in the pricing of any of the Company's portfolio securities or other assets, the Administrator is entitled to accept, use and rely without enquiry on such valuations / prices in determining the Net Asset Value of the Company, and shall not be liable to the Company in so doing.

The fees payable to the Administrator are based on its standard schedule of fees charged by the Administrator for similar services. These fees are detailed in the Administration Agreement.

The Administration Agreement is for an indefinite term; provided, however, that the Administration Agreement is subject to termination by the Administrator or by the Company upon not less than ninety (90) days' written notice (or such shorter notice as the parties may agree to accept), or immediately in certain other circumstances specified therein.

Under the Administration Agreement:

(a) the Company has agreed to indemnify and hold harmless the Administrator against any claims, losses, damages, liabilities, penalties, demands, suits, judgments, obligations, costs or expenses, including reasonable legal fees and expenses, of any kind or nature whatsoever in connection therewith which may be imposed on and incurred by the Administrator or which may be made against the Administrator in respect of the same sustained or suffered by any third party, except that the Administrator will not be indemnified against any liability to which it would be subject by reason of its Gross Negligence, fraud or wilful misconduct; and

(b) in the absence of Gross Negligence (as defined in the Administration Agreement), fraud or wilful misconduct in the performance of its duties under the Administration Agreement, the Administrator shall not be liable to the Company on account of anything done, omitted or suffered by the Administrator in good faith pursuant to the Administration Agreement in the performance of the services to be performed by the Administrator thereunder.

The Administrator is not responsible for any trading decisions of the Company (all of which will be made by the Manager). The Administrator will not be responsible in any way for the Company's selection or ongoing monitoring of its prime broker(s), custodian(s) and other counterparties ("**Counterparties**"). The decision to select any Counterparties in connection with this offering will be made solely by the Company. The Administrator in no way acts as guarantor or offeror of the Company's Shares or any underlying investment, nor is it responsible for the actions of the Company's Counterparties or the Manager.

The Administrator is a service provider to the Company and is not responsible for the information in, or preparation of, this Placing Memorandum. The Administrator will not provide any investment advisory or management services to the Company and therefore will not be in any way responsible for the Company's performance. The Administrator is not an auditor and does not provide any tax, accounting or auditing advice or assistance, nor is it a fiduciary to the Company, the Manager or the Company's investors. The Administration Agreement does not create any contractual rights against or reliance on the Administrator by any person not a party thereto including, without limitation, any investor or counterparty appointed by the Company. The Administrator will not be responsible for monitoring any investment restrictions or compliance with the investment restrictions and therefore will not be liable for any breach thereof.

### ***Prime Brokers***

#### *Morgan Stanley & Co. International plc.*

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

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

In accordance with FCA rules, MS 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 MS and are separately identifiable from MS' own investments. Furthermore, in the event that any of the Company's investments are registered in the name of the MS where, due to the nature of the law or market practice of jurisdictions outside the United Kingdom, it is in the Company's best interests so to do or it is not feasible to do otherwise, such investments may not be segregated from MS' own investments and in the event of MS' default may not be as well protected.

Any cash which MS holds or receives on the Company's behalf will not be treated by MS as client money and will not be subject to the client money protections conferred by the FCA's Client Money Rules (unless MS has specifically agreed with or notified the Company that certain cash will be given client money protection). As a consequence, the Company's cash will not be segregated from the MS' own cash and will



be used by MS in the course of its investment business, and the Company will therefore rank as one of the MS' general creditors in relation thereto.

As security for the payment and discharge of all liabilities of the Company to MS and the Morgan Stanley Companies, the investments and cash held by MS and each such Morgan Stanley Company will be charged by the Company in their favour and will therefore constitute collateral for the purposes of the FCA rules. Investments and cash may also be deposited by the Company with MS and the Morgan Stanley Companies as margin and will also constitute collateral for the purposes of the FCA rules.

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

Neither MS nor any Morgan Stanley Company will be liable for any loss to the Company resulting from any act or omission in relation to the services provided under the terms of the MS Prime Brokerage Agreement unless such loss results directly from the negligence, wilful default or fraud of the MS or any Morgan Stanley Company. MS 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 Company's investments or cash may be held. MS and the Morgan Stanley Companies accept the same level of responsibility for nominee companies controlled by them as for their own acts. The Company has agreed to indemnify MS and the Morgan Stanley Companies against any loss suffered by, and any claims made against, them arising out of the MS Prime Brokerage Agreement, save where such loss or claims result primarily from the negligence, wilful default or fraud of the indemnified person.

MS is a service provider to the Company and is not responsible for the preparation of this Placing Memorandum or the activities of the Company and therefore accepts no responsibility for any information contained in this Placing Memorandum. MS will not participate in the investment decision-making process.

#### *Goldman Sachs International*

Goldman Sachs International ("GS") has been appointed as a Prime Broker and custodian to the Company pursuant to a prime brokerage agreement and a number of product specific supplemental documents (together the "**GS Prime Brokerage Agreement**"). GS is authorised by the PRA and regulated by the FCA and the PRA of the United Kingdom 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 a Prime Broker, GS may execute purchase and sale orders for the Company, and clear and settle such orders and orders executed by other brokers. In addition, GS may enter into off-exchange contracts with the Company as principal. GS will also provide the Company with financing lines and short selling facilities.

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

GS may hold the GS Custody Assets with a sub-custodian, depository or clearing agent, including a person connected with GS in a single account that is identified as belonging to customers of GS. GS will identify in its own books and records that part of the GS Custody Assets held by a sub-custodian as being held for the Company. The GS Custody Assets should thus be unavailable to the creditors of GS in the event of its insolvency. However, in the event of an irreconcilable shortfall following the default of any sub-custodian,

the Company may share in that shortfall proportionately with the GS' other customers. Assets of the Company held as collateral or margin are not required to be segregated and in the event of the GS' insolvency may not be recoverable in full.

In accordance with the FCA's Custody Rules, GS will exercise reasonable skill, care and diligence in the selection of any sub-custodian and will be responsible to the Company 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.

GS will only be responsible for losses suffered by the Company as a direct result of its negligence or bad faith in the appointment and monitoring of any non-affiliated sub-custodian or nominee. Otherwise GS shall not be liable for any act or omission, or for the solvency, of any non-affiliated sub-custodian or nominee. Notwithstanding the foregoing, GS accepts the same level of responsibility as it does for itself for companies controlled by GS 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 Company considers to involve the negligence, fraud or wilful default on the part of such sub-custodian or agent, GS shall, subject to any internal approvals, not to be arbitrarily withheld or delayed, assign to the Company any rights it may have in respect of such act or omission. In the event that the Company obtains legal advice that such assignment would be ineffective to enable the Company to pursue its claim, then GS shall, subject to any internal approvals, not to be arbitrarily withheld or delayed, at the Company's expense, claim and pursue the appropriate damages or compensation from the sub-custodian or agent on the Company's behalf.

GS shall be liable for damage or loss only to Company's account(s) and only to the extent arising directly from any act or omission by GS that constitutes negligence, fraud or wilful default. GS shall 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, GS and whether arising in contract, in tort or otherwise.

The Company will indemnify GS 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 Company or that result from the proper performance of GS' obligations under the GS Prime Brokerage Agreement, except to the extent that the same is due to the negligence, fraud or wilful default of GS.

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

The GS Custody Assets may be borrowed, lent, charged or otherwise used by GS for its own purposes, whereupon such GS Custody Assets will become the property of GS or become subject to a charge in favour of GS, as the case may be. The Company will have a right against GS for the return of equivalent assets and will rank as an unsecured creditor in relation thereto. In the event of the insolvency of GS, the Company may not be able to recover such equivalent assets in full. The maximum permitted level of transfer/reuse of the GS Custody Assets (if any) is set out in the GS Prime Brokerage Agreement.

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

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

The Company 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).

#### *UBS AG, London Branch*

The Company has appointed UBS AG, London Branch ("UBS") as a prime broker. UBS is incorporated and domiciled in Switzerland and operates under the Swiss Code of Obligations and Swiss Federal Banking Law. It is regulated in Switzerland by the Swiss Financial Market Supervisory Authority ("FINMA") and by the PRA and the FCA and is subject to the rules of the PRA and FCA in force from time to time (the "UK Rules") in the conduct of its investment business.

Information on UBS current credit ratings can be found at [http://www.ubs.com/global/en/about\\_ubs/investor\\_relations/debt/ratings.html](http://www.ubs.com/global/en/about_ubs/investor_relations/debt/ratings.html)

UBS is not responsible for the preparation of this Placing Memorandum or the activities of the Company. UBS accepts no responsibility for any information contained in this Placing Memorandum other than the description of UBS contained above. UBS will not participate in the Company's investment decision-making process.

**Appointment and Services:** UBS and the Company have entered into a Master Prime Brokerage Agreement ("UBS Prime Brokerage Agreement") under which UBS provides the Company with certain services, including margin financing, clearing, settlement, stock borrowing and foreign exchange facilities. Under the UBS Prime Brokerage Agreement, UBS may also provide an account for the Company's cash ("Cash") and provide safekeeping services for some or all of the Company's investments ("UBS Custody Assets" and, together with Cash, "Assets").

**Custody Obligations:** Under the UK Rules UBS must identify, record and hold UBS Custody Assets at all times so that their identity and location is clear and they can be readily identified as belonging to a customer of UBS, separate from UBS' own investments and so unavailable to creditors of UBS.

UBS may register UBS Custody Assets in its own name if to do so would be in the Company's best interests or would be necessary according to applicable law or market practice. In such a case, UBS Custody Assets might not be segregated from UBS' own investments, and in UBS' insolvency might not be as well protected.

It is the Company's responsibility to ensure that its Assets are safely delivered to UBS as a prime broker and custodian.

**Sub-custodians:** Where it acts as custodian, UBS may appoint sub-custodians to hold UBS Custody Assets. UBS must:

- **Selection:** exercise reasonable skill, care and diligence in selecting any sub-custodian;
- **Ongoing suitability:** satisfy itself of the ongoing suitability of each sub-custodian to provide custodial services to the Company; and

- **Supervise:** maintain an appropriate level of supervision over the sub-custodian, periodically making appropriate inquiries to confirm that the sub-custodian is competently discharging its obligations.

Except as described above or where the sub-custodian is an affiliate of UBS, UBS is not liable for the actions of any sub-custodian it appoints.

**Security:** As security for the payment and discharge of its liabilities to UBS, the Company has charged all the Assets in UBS' favour. The Company may also deposit Assets with UBS as margin.

**No Client Money Protection:** UBS does not provide client money protection. The Company's Cash is not segregated from UBS' own cash and may be used by UBS in the course of its own business. The Company ranks as a general creditor of UBS for the Cash balance.

**Use of UBS Custody Assets:** UBS may borrow, lend or otherwise use UBS Custody Assets for its own purposes. For so long as it does so, UBS Custody Assets become UBS' property and the Company has a right against UBS for the return of equivalent assets for which it ranks as a general creditor. The maximum permitted level of transfer/reuse of the UBS Custody Assets (if any) is set out in the UBS Prime Brokerage Agreement.

**Limitation of UBS Liability:** UBS is not liable for any loss arising under the UBS Prime Brokerage Agreement unless it results directly from the negligence, bad faith, wilful default or fraud of a member of the UBS group or its employees, agents or delegates or a breach by such member of applicable law or regulatory rule or of the UBS Prime Brokerage Agreement ("**UBS event**").

**Indemnity:** Under the UBS Prime Brokerage Agreement the Company indemnifies each member of the UBS group and its employees, agents and delegates against any losses or claims arising out of the UBS Prime Brokerage Agreement, except where the losses or claims result directly from a UBS event.

**Brokerage:** Separately, the Company may also use UBS and other brokers and dealers to execute transactions for the Company.

**Alterations to arrangements:** The Company may change its prime brokerage and custodian arrangements by agreement with UBS and may appoint other prime brokers and custodians.

### ***Auditors***

PricewaterhouseCoopers has been appointed to act as the auditors for the Company and will conduct their audits in accordance with International Standards on Auditing.

Under the standard terms of the annual engagement letter which the Company will enter into with Auditors, the Auditors' liability under such letters is expected to be capped based upon a multiple of fees paid to the Auditors under such letters, except to the extent finally determined to have resulted from the wilful or intentional neglect or wilful misconduct or fraudulent behaviour by the Auditors. The annual engagement letters are also expected to contain a limitation of any liability the Auditors' proportionate share thereof and other release and indemnity provisions relating to consequential loss, third party claims and fraudulent acts or omissions, misrepresentation or wilful default on the part of the Directors, employees or agents of the Company. The engagement letters will state that Auditors' report can only be relied upon by those parties to whom they are addressed.

### ***Anti-Money Laundering Compliance Officer, Money Laundering Reporting Officer and Deputy Money Laundering Reporting Officer***

The Company has appointed a Compliance Officer ("**CO**"), Money Laundering Reporting Officer ("**MLRO**"), and Deputy Money Laundering Reporting Officer ("**DMLRO**") of the Company (collectively,

the “**Officers**”). The Officers shall carry out their functions in accordance with the laws of the Cayman Islands.

The CO shall act as point of contact with the Monetary Authority, respond to the competent authorities’ requests for information relating to the Company’s Anti-Money Laundering Program, provide Anti-Money Laundering/Counter Terrorist Financing/Counter Proliferation Financing (“**AML/CTF/CPF**”) compliance oversight of the Company’s activities (including the Company’s investment activity as well as investor-related anti-money laundering issues), establish and maintain appropriate systems and controls (including documented policies and procedures) to ensure compliance with Cayman AML/CTF/CPF laws/regulations, oversee audits/testing of the Administrator’s AML/CTF/CPF program and KYC documentation, ensure procedures are in place and employees are aware of procedures for the reporting of suspicious activity to the MLRO/DMLRO, maintain logs/records relating to specified scenarios such as rejection of subscriptions, investor account freezes and enhanced due diligence on politically exposed persons and other high risk investors, advise the Directors of AML/CTF/CPF compliance issues that need to be brought to its attention and report periodically to the Directors regarding the state of the Company’s AML/CTF/CPF program and controls.

The MLRO shall receive internal suspicious activity reports presented by the Company, the Administrator, the Manager or other Service Providers as applicable and considering any such report in light of all other relevant information for the purpose of determining whether or not the information or other matter contained in the report gives rise to knowledge or suspicion of criminal conduct pursuant to the Anti-Money Laundering Regulations (As Revised), the Proceeds of Crime Act (As Revised) and the Guidance Notes on the Prevention and Detection of Money Laundering, Terrorist Financing and Proliferation Financing (as amended), file suspicious activity reports with the Financial Reporting Authority of the Cayman Islands (“**FRA**”) as required, maintain a log of all reports of suspicious activity (including where the filing of a suspicious activity report is not deemed necessary or appropriate), keep the Directors informed of all internal reports of suspicious activity and suspicious activity reports filed with the FRA, to the extent permitted by law and regulation.

In the absence of the MLRO, the DMLRO will be the final decision maker as to whether to file a suspicious activity report.

The Officers are subject to change without prior consent or notice to the Shareholders. Shareholders may request the Company provide further particulars of the Officers by contacting the Manager at [Justin.yin@stoneylakeasset.com](mailto:Justin.yin@stoneylakeasset.com) and [ops\\_hk@stoneylakeasset.com](mailto:ops_hk@stoneylakeasset.com).

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## 5. INVESTING IN THE COMPANY

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### *Classes of Participating Shares*

The Company currently offers the following Classes of Participating Shares:

<b>Class of Participating Shares</b>	<b>Class Currency</b>
Class A Participating Shares	US\$
Class B Participating Shares	US\$

Class A Participating Shares are available for general subscription.

Class B Participating Shares are available for investment (directly or indirectly) only by the officers and employees of the Manager and such other persons which the Manager may designate in its discretion.

Apart from their fee structures and such other terms and features as described in this Placing Memorandum and save as otherwise provided in the Articles, Class A Participating Shares and Class B Participating Shares shall have equal ranking with, and the same rights as, each other.

Class A Participating Shares and Class B Participating Shares will be available for subscription in the relevant Class Currency. In the event of discontinuation of the currency of a Class of Shares, the Directors reserve the right to redenominate the Class Currency of such Shares into the Base Currency of the Company (or another currency if the Base Currency is unavailable) at such exchange rate as the Directors may in their absolute discretion determine.

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

### *Issues of Participating Shares*

Participating Shares of such Class or Classes as the Directors may from time to time designate are available for subscription on any Subscription Day in respect of duly completed applications which are received before the Subscription Dealing Deadline (provided that application moneys in cleared funds shall be received before the Payment Deadline). The Manager has discretion to accept applications received after the Subscription Dealing Deadline provided they are received before the Valuation Point relating to the relevant Subscription Day.

### *Subscription Price*

The price at which Participating Shares will be issued on any particular Subscription Day will be the Subscription Price per Participating Share determined in the manner described below in the section headed “11. Valuation and Prices - Subscription and Redemption Prices”.

### *Subscription Procedures*

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

Applications should be sent in the manner outlined in the Application Forms to the Administrator/Sub-Administrator.

Applications may be sent (provided the originals follow promptly to the Manager, if required) by facsimile or email. Investors should note that the Company and the Service Providers and their respective agents and/or delegates accept no responsibility for any loss caused as a result of non-receipt, mis-delivery or illegibility of any application sent by facsimile or email (notwithstanding any facsimile transmission report or email record produced by the originator of such transmission or email disclosing that such transmission or email was sent) or for any loss caused in respect of any action taken as a consequence of such facsimile or email instructions believed in good faith to have originated from properly authorised persons or for any loss as a result of Application Form being considered improperly or inadequately completed.

To subscribe for Participating Shares on a Subscription Day, duly completed Application Forms must be received by the Sub-Administrator by the Subscription Dealing Deadline in respect of the relevant Subscription Day while application moneys in cleared funds must be received by the applicable Payment Deadline. Where Application Forms are received after the Subscription Dealing Deadline, such applications shall be carried over to the next Subscription Day and the Participating Shares will then be issued at the Subscription Price applicable on that day. Notwithstanding the aforesaid, the Manager has the discretion to accept late applications received after the Subscription Dealing Deadline provided that the relevant Application Forms are received prior to the Valuation Point relating to the relevant Subscription Day. Where application moneys are received prior to a Subscription Day, interest accrued (if any) will be for the benefit of the Company. Although Participating Shares will not be issued until the relevant Subscription Day, paid moneys will be immediately deposited into the Company’s bank account. Prior to the issuance of Participating Shares, the Administrator and/or the Sub-Administrator may, at the direction of the Manager, release funds from the account of the Company to investment intermediaries (if any) of the Company to ensure that investments by the Company can be effected on the issuing day of the Participating Shares.

Fractions of a Participating Share rounded down to three decimal places will be issued. Application moneys representing smaller fractions will be retained by the Company.

Participating Shares will be in registered form and share certificates will not be issued. A confirmation notice will be sent as soon as practicable to successful applicants on acceptance of their application and receipt in cleared funds of their application moneys.

Participating Shares may not be issued during the period of any suspension of the calculation of the Net Asset Value of the Company and/or of the issue of Participating Shares (for details see the section below headed “11. Valuation and Prices - Calculation of Net Asset Value”). Once completed applications have been received by the Administrator/Sub-Administrator they are irrevocable except in the event of such suspension, or unless otherwise consented to by the Directors.

***Minimum Initial and Subsequent Subscription***

The minimum initial subscription for each applicant in respect of the relevant Class of Participating Shares shall be such amount as provided in the table below, or such other amount as the Manager may from time to time determine, whether generally or in a particular case. However, at any time that the Company is registered as a mutual fund in the Cayman Islands under section 4(3) of the Mutual Funds Act, the minimum initial investment amount for each applicant shall not be less than the minimum amount required under applicable local regulatory requirements of the Cayman Islands, which (subject to limited exceptions) is currently US\$100,000 or its equivalent in the relevant Class Currency, exclusive of any initial charge.

<b>Class of Participating Shares</b>	<b>Minimum Initial Subscription Amount*</b>
Class A Participating Shares	US\$1,000,000
Class B Participating Shares	US\$100,000

\* Exclusive of any initial charge (if any)

The minimum subsequent subscription for existing Shareholders in respect of the relevant Class of Participating Shares shall be such amount as provided in the table below, or such other amount as the Manager may from time to time determine, whether generally or in a particular case.

<b>Class of Participating Shares</b>	<b>Minimum Subsequent Subscription Amount*</b>
Class A Participating Shares	US\$100,000
Class B Participating Shares	US\$100,000

\* Exclusive of any initial charge (if any)

***Initial Charge***

There is currently no initial charge payable upon the subscription for Participating Shares of any Class on any Subscription Day.

***Subscription Payment Procedures***

No Participating Shares will be issued unless and until the relevant application moneys have been received in cleared funds by or on behalf of the Company. Payment must be made in the relevant Class Currency by telegraphic transfer to the account specified in the Application Form. Application moneys other than in the relevant Class Currency shall be converted into the relevant Class Currency by the bank of the applicant before transferring application moneys to the account specified in the Application Form at the applicant’s risk at market rates and expenses. All bank charges and other conversion costs will be borne by the applicant, and none of the Company, the Manager or the Administrator will be liable to any Shareholder for any loss suffered by such Shareholder arising from the said currency conversion.

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

Payment for Participating Shares in specie shall not be accepted.

***Restriction on Issue***

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

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

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

In the event that the Directors decide, in their sole discretion, that the Company will invest in public offerings of securities that would be deemed “new issues” under any applicable rules of the United States Financial Industry Regulatory Authority (the “**New Issues Rule**”), the Directors reserve the right to restructure any existing Class of Participating Shares to facilitate such investment, including by restructuring such existing Class into two Classes. The first Class of Participating Shares would be held by investors subject to the New Issues Rule which would have no economic participation in “new issues” assets so that no profits or losses associated with “new issues” are allocated to such Class of Participating



Shares. The second Class of Participating Shares would be held by Shareholders not subject to the New Issues Rule which would have full economic participation in “new issues” assets.

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

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

### ***Application Moneys***

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

### ***Anti-Money Laundering and Countering of Terrorist and Proliferation Financing***

In order to comply with legislation or regulations aimed at the prevention of money laundering and the countering of terrorist and proliferation financing, the Company is required to adopt and maintain 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 Company may also rely upon a suitable person for delegate the maintenance of these procedures (including the acquisition of due diligence information) or otherwise delegate the maintenance of such procedures to a suitable person (a “**Relevant AML Person**”).

The Company, or the Relevant AML Person on the Company's behalf, 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), and their source of subscription funds. Where the circumstances permit, the Company, or the Relevant AML Person on the Company's behalf, may be satisfied that full due diligence is not required at subscription where a relevant exemption applies under applicable law. However, detailed verification information may be required prior to the payment of any proceeds in respect of, or any transfer of, Participating Shares.

In the event of delay or failure on the part of the subscriber in producing any information required for verification purposes, the Company, or any Relevant AML Person on the Company's behalf, may refuse to accept the application, or if the application has already occurred, may suspend or redeem the interest, in which case any funds received will, to the fullest extent permitted by applicable law, be returned without interest to the account from which they were originally debited.

The Company, or the Relevant AML Person on the Company's behalf, also reserve the right to refuse to make any redemption or dividend payment to a Shareholder if the Directors or the Relevant AML Person 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 Company or the Administrator with any applicable laws or regulations.

The Monetary Authority has a discretionary power to impose substantial administrative fines upon the Company in connection with any breaches by the Company of prescribed provisions of the Anti-Money Laundering Regulations (As Revised) of the Cayman Islands, as amended and revised from time to time, and upon any Director or officer of the Company who either consented to or connived in the breach, or to whose neglect the breach is proved to be attributable. To the extent any such administrative fine is payable by the Company, the Company will bear the costs of such fine and any associated proceedings.

If any person in the Cayman Islands knows or suspects or has reasonable grounds for knowing or suspecting that another person is engaged in criminal conduct or money laundering or is involved with terrorism or terrorist financing and 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 ("FRA") of the Cayman Islands, pursuant to the Proceeds of Crime Act (As Revised) 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 FRA, pursuant to the Terrorism Act (As Revised) 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.

### ***Sanctions***

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

Accordingly, the Company will require a 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 ("**Designated Persons**") (if any) are not; (i) named on any list of sanctioned entities or individuals maintained by the US Treasury Department's Office of Foreign Assets Control ("**OFAC**"), the US Department of the Treasury's Financial Crimes Enforcement Network ("**FinCEN**"), the United Nations ("**UN**") Security Council, or pursuant to European Union ("**EU**") and/or United Kingdom ("**UK**") regulations (as the latter are extended to the Cayman Islands by statutory instrument) and/or Cayman Islands legislation, (ii) operationally based or domiciled in a country or territory in relation to which sanctions imposed by the UN, OFAC, FinCEN, the EU, the UK and/or the Cayman Islands apply, or (iii) otherwise subject to sanctions imposed by the UN, OFAC, FinCEN, the EU, the UK (including as the latter are extended to the Cayman Islands by statutory instrument) or the Cayman Islands (collectively, a "**Sanctions Subject**").

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

In addition, should any investment made on behalf of the Company subsequently become subject to applicable sanctions, the Company may immediately and without notice to the 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.

### ***Other Jurisdictions***

The Company will comply with applicable anti-money laundering regulations. 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, the "**Requirements**") and the Company could be requested or required to obtain certain assurances from applicants subscribing for Participating Shares, disclose information pertaining to them to governmental, regulatory or other authorities or to financial intermediaries or engage in due diligence or take other related actions in the future. It is the Company's policy to comply with Requirements to which it is or may become subject to and to interpret them broadly in favour of disclosure. Each applicant will be required to agree in the Application Form, and will be deemed to have agreed by reason of owning any Participating Shares, that it will provide additional information or take such other actions as may be necessary or advisable for the Company (in the sole judgment of the Company and/or the Administrator) to comply with any Requirements, related legal process or appropriate requests (whether formal or informal) or otherwise. Each applicant by executing the Application Form consents, and by owning Participating Shares is deemed to have consented, to disclosure by the Company and its agents to relevant third parties of information pertaining to it in respect of Requirements or information requests related thereto. Failure to honour any such request may result in redemption by the Company or a forced sale to another investor of such applicant's Participating Shares.

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

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

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

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

**Redemptions**

Shareholders may redeem their Participating Shares (other than Designated Investment Shares) on any Redemption Day on giving written notice (a “**Redemption Notice**”) to the Sub-Administrator no later than the Redemption Dealing Deadline. Any Redemption Notice received after the Redemption Dealing Deadline will be held over until the Redemption Day next following the relevant Redemption Day and the Participating Shares will then be redeemed at the Redemption Price applicable on that day. The Manager has the discretion to accept Redemption Notices received after the Redemption Dealing Deadline provided they are received before the Valuation Point relating to the relevant Redemption Day.

Redemption Notices must be in writing and must state the number or value of Participating Shares to be redeemed and where applicable the relevant Class and Series of Participating Shares to be redeemed and give payment instructions for the redemption proceeds. Redemption Notices may be sent (provided the originals follow promptly to the Manager) by facsimile or email. Investors should note that the Company and the Service Providers and their respective agents and/or delegates accept no responsibility for any loss caused as a result of non-receipt, mis-delivery or illegibility of any Redemption Notices sent by facsimile or email (notwithstanding any facsimile transmission report or email record produced by the originator of such transmission or email disclosing that such facsimile or email was sent) or for any loss caused in respect of any action taken as a consequence of such facsimile or email instructions believed in good faith to have originated from properly authorised persons or for any loss as a result of Redemption Notices being considered improperly or inadequately completed.

Where a Shareholder has been issued Participating Shares at different times and subsequently makes a partial redemption, Participating Shares shall, unless otherwise agreed by the Directors and relevant Shareholder, be redeemed on a “first issued, first redeemed” basis.

Designated Investment Shares shall not be redeemable at the option of the Shareholder unless the Directors otherwise determine in its absolute discretion.

**Redemption Price**

Participating Shares will be redeemed in the relevant Class Currency at the Redemption Price determined for the relevant Redemption Day in the manner described below in the section headed “11. Valuation and Prices - Subscription and Redemption Prices”.

**Minimum Redemption and Holding Amounts**

Partial redemptions may be effected subject to the minimum redemption amount and minimum holding amount requirements of the relevant Class of Participating Shares as set out in the table below:

<b>Class of Participating Shares</b>	<b>Minimum Redemption Amount</b>	<b>Minimum Holding Amount</b>
Class A Participating Shares	US\$100,000	US\$500,000
Class B Participating Shares	US\$100,000	US\$100,000

Any request for the partial redemption of Participating Shares with a value of less than the minimum redemption amount of the relevant Class may be rejected, provided that the Manager shall have the discretion to allow a lower minimum redemption amount, whether generally or in a particular case.

If a request for redemption will result in a Shareholder holding less than the minimum holding amount applicable to that Class (on the relevant Redemption Day) or such other amount as the Manager may from time to time determine, the Manager may deem such request to have been made in respect of all the Participating Shares of the relevant Class held by that Shareholder.

### ***Redemption Charge***

The Directors have the power to levy a redemption charge on the redemption of Participating Shares (calculated as a percentage of the total redemption proceeds to be paid to the redeeming Shareholders), as follows:

<b>Class of Participating Shares</b>	<b>Redemption Charge</b>
Class A Participating Shares (for the first 12 months following the issuance of the relevant Class A Participating Shares)	Up to 3%
Class A Participating Shares (for the second 12 months following the issuance of the relevant Class A Participating Shares)	Up to 2%
Class A Participating Shares (for the third 12 months following issuance of the relevant Class A Participating Shares)	Up to 1%
Class B Participating Shares	0%

The redemption charge shall be retained for the benefit of the Company. The Directors have the discretion to waive the redemption charge in whole or in part in relation to any redemption of Participating Shares whether generally or in a particular case.

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

### ***Redemption Payment Procedures***

Subject to fulfilment of applicable anti-money laundering requirements and to any suspension of redemptions in the manner described below in the section headed “*11. Valuation and Prices – Subscription and Redemption Prices*” redemption proceeds will be paid as soon as practicable (and, generally within one month after the finalisation of the Net Asset Value of the relevant Redemption Day or, if later, following receipt of the complete and original Redemption Notice to the satisfaction of the Manager or its delegate).

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

The Directors have an absolute discretion, whether generally or in any particular case, to cause all or part of the redemption proceeds relating to Participating Shares of a Class to be paid in a currency other than the relevant Class Currency (“**Alternative Redemption Currency**”). In such a case, all applicable bank charges and other conversion costs will be deducted from the redemption proceeds. The Directors may exercise their discretion to pay redemption proceeds denominated in the Alternative Redemption Currency

under certain circumstances, such as, but not limited to where, for any reason, insufficient Class Currency is available to the Company to pay the redemption proceeds or where due to the direction of any competent authority or as a result of any legal or regulatory requirement applicable to the Company and/or the relevant Shareholder, it is not permitted and/or practicable for the redemption proceeds to be paid in the relevant Class Currency.

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

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

In the event that there is a delay in receipt by the Company of the proceeds of realisation of its investments to meet redemption requests, the Directors may delay the payment of the relevant portion of the amount due on the redemption of Participating Shares. If the Company is required by the laws of any relevant jurisdiction to make a withholding from any redemption proceeds payable to the redeeming Shareholder, the amount of such withholding shall be deducted from the redemption proceeds otherwise payable to such person. The Directors may also withhold the whole or any part of any redemption payment to any Shareholder and set it off against any unpaid amounts due from that Shareholder to the Company or the Manager.

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

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

### ***Restrictions on Redemption***

The right of any Shareholder to request the redemption of Participating Shares will be suspended during any period when the calculation of the Net Asset Value of the Company and/or of the redemption of Participating Shares is suspended by the Company. Any part of a Redemption Notice to which effect is not given by reason of such suspension will be treated as if the request had been made with priority in respect of the next Redemption Day and all following Redemption Days until the original request has been satisfied

in full. Once completed Redemption Notices have been received by the Sub-Administrator, they are irrevocable except in the event of such suspension or unless otherwise consented to by the Directors.

### ***Compulsory Redemptions and Transfers***

The Directors have the power under the Articles to compulsorily redeem the Participating Shares held by a Shareholder, or to require such Participating Shares to be transferred to a Qualified Holder, for any reason or for no reason. Without limitation to the foregoing, the Directors currently envisage that they may exercise such powers in certain circumstances, including:-

1. where Participating Shares are held by a person who is not a Qualified Holder or by any person in breach of any law or requirement of any jurisdiction or by any person or persons in circumstances which, in the opinion of the Directors, might result in the Company, any Shareholder or any Service Provider breaching any law or requirement of any jurisdiction, incurring any liability to taxation or suffering any other pecuniary disadvantage which the Company, any Shareholder or any Service Provider might not otherwise have incurred or suffered or which might subject the Company, any Shareholder or any Service Provider to comply with any registration, licensing, approval or filing requirements in any jurisdiction with which it would not otherwise be required to comply. The Directors may deduct from the Redemption Price any charges, fees, or expenses incurred by the Company in connection with such compulsory redemption;
2. where the Participating Shares of the relevant Class held by any Shareholder have a value of less than the minimum holding amount applicable to that Class;
3. for the purposes of consolidating one or more Series of Participating Shares of any Class;
4. to settle any amount due from the Shareholder to the Company or the Manager; or
5. in any other circumstances specified in this Placing Memorandum, whereby it is stated that the Company and/or the Directors shall be entitled to effect compulsory redemptions.

Further, if the Net Asset Value of the Company (excluding the Designated Investment NAV) is at any time below US\$5,000,000 and if the Directors at such time so resolve, all Participating Shares become compulsorily redeemable.

### ***Redemption in Specie***

The Directors shall have the discretion, on the request or with the consent of any redeeming Shareholder, to effect a redemption payment to any or all redeeming Shareholders in specie or in kind rather than in cash. The circumstances in which the Directors envisage exercising this discretion include, without prejudice to the generality of the foregoing, a situation where substantial redemption requests are received by the Company which will make it impracticable or prejudicial to continuing Shareholders to realise the Company's investments in order to fund redemption payments; or when there is a devaluation of any foreign currency in which a material proportion of the Company's investments are denominated during the period between the time as at which the Redemption Price is calculated and the time when redemption moneys are to be converted out of such other currency into the currency in which redemption proceeds are to be paid. In making redemption payments in specie or in kind, the relevant assets to be transferred or assigned or otherwise made available to the redeeming Shareholders shall be transferred at the same values in the relevant Class Currency attributed to them on the Redemption Day as at which the Redemption Price of the relevant Participating Shares to be redeemed was calculated. Any charges, levies or stamp duties incurred in transferring the assets to the redeeming Shareholders shall be at the expense of the Shareholders themselves. The Directors may make in-kind distributions to certain (but not all) Shareholders and may distribute different property in different proportions to different redeeming Shareholders.

If the Directors, on the request or with the consent of the redeeming Shareholders, determine to distribute assets in kind, such assets may be distributed directly to the redeeming Shareholder. Such redemption

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

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

### ***Switching of Participating Shares***

Switching of Participating Shares of a Class into Participating Shares of another Class in the Company is not permitted, unless the Manager determines otherwise.

### ***Special Purpose Vehicles***

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

### ***Designated Investments***

According to the Investment Strategy of the Company, the Manager can at its discretion invest up to 40% of the sum of the Net Asset Value of the Company and the Designated Investment NAV in pre-IPO projects, private equity funds, private equity projects, and/or other illiquid investments/unlisted shares with a focus in the Asia-Pacific region and the United States ("**Designated Investments**"). In pursuing illiquid investment opportunities, the Manager proposes that all or some of these investments be classified as Designated Investments and be separated from the primarily liquid portfolio of the Company through the establishment of a new class of participating shares ("**Designated Investment Shares**").

These arrangements aim to enable Shareholders of the Company to share the potential growth in value of Designated Investments through the segregated Designated Investment Shares with greater transparency of pricing and avoiding dilution from potential future investors or the unfair granting of liquidity to those redeeming their shareholding before Designated Investments become liquid or are liquidated.

### **Designated Investment Shares**

The Company may create a separate Class of Participating Shares to be known as "**Designated Investment Shares**" and issue such Designated Investment Shares. Shareholders of the Company may, at the time of their initial subscription for Participating Shares, make an election in the Application Form **not** to have any of their Participating Shares participate in the Designated Investments as and when made by the Company. Shareholders who do **not** make such election will be deemed to agree to participate in the Designated Investments in respect of the relevant Participating Shares and are referred to as "**Designated Investment Shareholders**".

An election, once made, is irrevocable and will apply to **all** subsequent subscription of Participating Shares in the Company by the same investor.



## Investment limits

The directors of the Company have determined that the Company will not invest in new Designated Investments if as a result the total investments by the Company into Designated Investments (including outstanding commitments) would result in the value of Designated Investments as at the time of acquisition of the Designated Investments exceeding 40% of the sum of the latest Net Asset Value of the Company and Designated Investment NAV at the time of such investment. For the avoidance of doubt, such investment restriction is applied only at the Company level, which may cause some Designated Investment Shareholders holding Designated Investment Shares worth more or less than 40% of the sum of the latest Net Asset Value of the Company and Designated Investment NAV.

For the purpose of determining compliance with the above investment restrictions, Designated Investments will be valued at their acquisition cost. For the avoidance of doubt, the above limits shall not be treated as being exceeded, and there shall be no obligation on the Company to realise any Designated Investments, if the above limits are exceeded as a result of movements in the relative value of investments of the Company or of the Designated Investments after the Designated Investments are acquired.

When Designated Investments are made, the Company will issue to its Designated Investment Shareholders a new Class of Participating Shares (Participating Shares of such new Class being “Designated Investment Shares”) in order to isolate ownership of a Designated Investment from other investments of the Company. Subject as further described in the sub-section headed “Performance Fees and Management Fees for Designated Investments” in this section, the Manager shall be entitled to receive a Performance Fee (if any) based on the Net Asset Value of each Participating Share at the time it is exchanged for or designated as a Designated Investment Share, calculated in the manner described in the section headed “10. Charges and Expenses – Manager’s Fees”.

The Company may issue multiple Classes of Designated Investment Shares to correspond with multiple Classes of Participating Shares. The Company may also issue multiple sub-Classes of Designated Investment Shares in order to isolate the ownership of different Designated Investments. For the avoidance of doubt, where a Designated Investment Share is issued in connection with the making of a particular Designated Investment, such Designated Investment Share will only have economic exposure to that particular Designated Investment and no other Designated Investment of the Company. The Company may also issue multiple series of Designated Investment Shares to correspond with such shares being issued at different times and/or different Designated Investments.

Each time Designated Investments are made by the Company, Designated Investment Shares will be issued to each Designated Investment Shareholder of the Company who holds Participating Shares at the time such Designated Investments are made, in compulsory exchange for such number of the Designated Investment Shareholder’s Participating Shares (excluding all Designated Investment Shares already in issue) as are in a United States Dollar amount equal to the aggregate value of such Designated Investment Shareholder’s Participating Shares, divided by the aggregate value of all of the issued and outstanding Participating Shares (excluding all Designated Investment Shares already in issue) held by all Designated Investment Shareholders, multiplied by the acquisition cost or the fair value of the Designated Investments (as determined by the Manager in good faith in its sole discretion) attributable to such new Designated Investment Shares. Designated Investment Shares will be issued at a price of US\$1,000 per Designated Investment Share. The Participating Shares exchanged for Designated Investment Shares will be cancelled as of the date of such exchange.

After the occurrence of a Realisation Event, each Designated Investment Shareholder holding Designated Investment Shares representing the Company’s indirect interest in the relevant Designated Investment shall be entitled, in exchange for such Designated Investment Shares, to be issued Participating Shares (redeemable at the option of the Shareholder), in an amount representing such Designated Investment Shareholder’s indirect interest in the relevant Designated Investment. The proceeds of the relevant Designated Investment (net of fees, including any accrued management fees or performance fees payable

with respect to such Designated Investment, if applicable) will be used to purchase such Participating Shares on such Subscription Day after the Realisation Event as the Directors shall determine.

If a Designated Investment Shareholder shall have failed to pay any amount due by way of fees or otherwise, such Designated Investment Shareholder's indirect interest in the relevant Designated Investment shall be reduced accordingly. Designated Investment Shares which were exchanged or designated from a particular Class of Participating Shares will be exchanged for the same Class of Participating Shares.

In calculating the net asset value for the purpose of determining the management fees, Designated Investments shall be valued at the lower of the acquisition costs and fair value (as determined by the Manager in good faith in its sole discretion).

Other expenses which are quantifiable and directly related to a Designated Investment will be accrued in the price of the relevant Designated Investment Shares. Payment of fees and other expenses relating to the Designated Investments may be paid out of the Designated Investments by, but not limited to, one of the following methods or other methods as determined by the directors of the Company:

- (a) fees provision to be estimated and included in the determination of the value of the Designated Investments and/or Designated Investment Shares;
- (b) compulsory redemption of a relevant portion of the Participating Shares held by each holder of such Designated Investment Shares; or
- (c) deferment of management fees or performance fees associated with the Designated Investments until occurrence of the Realisation Event.

Designated Investment Shares shall not be redeemable at the option of the Shareholders. Accordingly, any redemption notice received shall be deemed to apply only to Participating Shares which are not Designated Investment Shares. The Manager shall notify affected Shareholders as soon as practicable following a Realisation Event, or an investment by the Company in an Designated Investment, with a description of the Designated Investment, including the fair value of the Designated Investment (as determined by the Manager in good faith in its sole discretion), with details of Designated Investment Shares and Participating Shares exchanged, cancelled or issued to the relevant Designated Investment Shareholder as a result.

In respect of the Designated Investment to be made by the Company, the Company will offer the following Classes of Designated Investment Shares:

Class A (DI) Participating Shares	exchanged or designated from Class A Shares
Class B (DI) Participating Shares	exchanged or designated from Class B Shares

The Company may create sub-Classes within each Class of Designated Investment Shares in order to isolate the ownership of different Designated Investments.

#### Performance Fees and Management Fees for Designated Investments

Subject as described in the paragraphs below, the Manager shall be entitled to receive a Performance Fee (if any) based on the Net Asset Value of each Participating Share (before deduction of any accrued Performance Fee) at the time it is exchanged for or designated as a Designated Investment Share, calculated in the manner described in the section headed "10. Charges and Expenses – Manager's Fees". For the avoidance of doubt, no Performance Fee will be chargeable against Class B Shares and Class B (DI) Participating Shares.

The Manager shall be entitled to receive a Performance Fee, payable by the Company, calculated as a percentage of any appreciation in the Designated Investment NAV of each Designated Investment Share of the relevant series of Class A (DI) Participating Shares over the initial issue price per Class A (DI) Participating Shares of the relevant series as at the Valuation Point relating to the Redemption Day or such

other day determined by the Directors on which the relevant Designated Investment Shares are redeemed, exchanged or designated following the occurrence of a Realisation Event and paid as soon as practicable thereafter (or calculated in such other manner as notified to the Shareholders of the Designated Investment Shares), and paid as soon as practicable thereafter.

The rate of performance fee payable in respect of a Class of Designated Investment Shares shall be the same rate as is payable on the corresponding Class of Participating Shares that were exchanged for such Designated Investment Shares.

The Manager shall be entitled to a management fee, payable by the Company, calculated at a percentage of the Designated Investment NAV (before deduction of any accrued management fee and performance fee) per Designated Investment Share of the relevant Class as at each Valuation Point. The management fee in respect of the Designated Investment Shares will accrue and shall not be payable until the Realisation Event in respect of such Designated Investment and shall be paid out of the proceeds of realisation to the Manager upon the occurrence of such Realisation Event.

The rate of management fee payable in respect of a Class of Designated Investment Shares shall be the same rate as is payable on the corresponding Class of Participating Shares that were exchanged for such Designated Investment Shares.

The Manager may waive or reduce the amount of performance fee or management fee payable with respect to a Designated Investment Share in its sole discretion.

### ***Special Purpose Vehicles***

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

The Directors may also, at any time, establish SPVs to hold Designated Investments. The shares in any such SPV (“SPV Shares”) may be allocated and issued directly to Shareholders. The SPV Shares may be distributed in specie, or issued to Shareholders in exchange for such number of the relevant Shareholder’s Participating Shares as are in a US dollar amount equal to the aggregate value of such Shareholder’s Participating Shares (after deducting the performance fee, which is to be calculated and crystallised at the time of such classification in the manner described below in the section headed “10. Charges and Expenses – Manager’s Fees”), divided by the aggregate value of all of the issued and outstanding Participating Shares, multiplied by the fair value of the SPV Shares (as determined by the Manager in good faith in its sole discretion) attributable to such SPV Shares. The SPV Shares will be issued at such price as the Directors may determine. The Participating Shares exchanged for the SPV Shares will be cancelled as of the date the Directors issue the SPV Shares.

As and when a Designated Investment in an SPV is realised, the realisation proceeds (net of fees, including any accrued management fees or performance fees payable with respect to such Designated Investment) will be applied to redeem such number of the SPV Shares held by each Shareholder as represents the SPV’s interest in the realised Designated Investment. If a holder of SPV Shares shall have failed to pay any amount due by way of fees or otherwise, such Shareholder’s interest in the relevant Designated Investment shall be reduced accordingly.

Any such SPV will be managed by the Manager. The Manager shall be entitled to receive a performance fee based on the net asset value of each SPV Share and calculated in the manner described below (in respect of Participating Shares) in the section headed “10. Charges and Expenses – Manager’s Fees” or such other way as notified to relevant Shareholders in advance. However, the performance fee shall not be payable with respect to SPV Shares until the occurrence of a Realisation Event, at which time the Manager shall receive the accrued performance fee, if any, payable with respect to the relevant SPV Shares. The Manager

may waive or reduce the amount of any accrued performance fee payable with respect to a Designated Investment in its sole discretion.

The Manager will receive a management fee of 2 per cent. per annum in respect of each SPV Share based on the net asset value per SPV Share and calculated as at each Valuation Point. In calculating such net asset value, Designated Investments shall be valued at their fair value (as determined by the Manager in good faith in its sole discretion). Over a three year period from the date of issue of the SPV Shares (or such shorter period as the Manager may in its sole discretion determine) the management fee in respect of SPV Shares shall be payable monthly in arrears. Following such period, if a Realisation Event has not occurred in respect of the relevant Designated Investment, the management fee will accrue thereafter until the Realisation Event in respect of the relevant Designated Investment and shall be paid out of the proceeds of realisation to the Manager upon the occurrence of such Realisation Event.

The SPV will bear its own costs and expenses including, without limitation, investment related expenses, financing charges, professional fees and annual company registration fee.

The SPV Shares shall not be redeemable at the option of the Shareholders. In addition, interests in the SPV Shares may not be transferred, assigned, pledged, charged or disposed of in any other manner without the written consent of the Manager.

The Manager will liquidate or cause the SPV to be liquidated upon realisation of all the Designated Investments held by the SPV provided that the Manager may, in its sole discretion, cause the SPV to retain certain amounts to fund contingencies, and/or any other expenses that would otherwise be payable by the SPV or for reserves attributable to redeeming Shareholders' interests in the SPV.

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## 6. RISK FACTORS

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

Prospective investors should be aware of the following risk factors, when contemplating whether or not to invest in the Company.

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

### *Investment Objective*

There is no guarantee that in any time period, particularly in the short term, the Company's portfolio will achieve appreciation in terms of capital growth. Investors should be aware that the value of Participating Shares may fall as well as rise. While the Company aims to maximise long-term capital growth through active investment in the financial markets, there is no guarantee that this investment objective can be achieved. There is no assurance that the Company may be able to achieve the maximum possible returns.

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

### *Availability of Investment Opportunities*

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

### *Designated Investments*

The Company may issue Designated Investment Shares to Designated Investment Shareholders in compulsory exchange for any of their existing Participating Shares or may designate a due proportion of their existing Participating Shares as Designated Investment Shares in order to isolate ownership of a Designated Investment. Designated Investment Shares shall not be redeemable at the option of the Shareholders unless the Directors otherwise determine in their absolute discretion so the liquidity of a Shareholder's investment in the Company may be further reduced as a result of the issue of Designated Investment Shares.

Designated Investments are likely to be illiquid and there can be no guarantee of their realisation.

Investors should note that the exchange or designation of Participating Share as Designated Investments Shares will crystallise the Performance Fee (if any) accrued in respect of such Participating Shares.

Investors should also note that the Manager is entitled to receive a management fee and performance fee in respect of the Designated Investment Shares as described in the section headed “5. *Investing in the Company – Designated Investment Shares*” above. Such fees shall be calculated and payable separately from the Manager Management fee and Performance Fee (if any) payable to the Manager with respect to the Participating Shares of any other Class held by the investors. In addition, the performance of the Designated Investment Shares will not be taken into account in calculating the Performance Fee payable to the Manager in respect of any other Class of Participating Shares. As a result, where the Company issues Designated Investment Shares to investors in exchange for certain of their Participating Shares, there is a risk that investors may be charged a Performance Fee with respect to their remaining Participating Shares even though the value of the Designated Investment Shares (and, potentially, the value of their total investment in the Company) has decreased, or has increased at a lower rate than their remaining Participating Shares. For further details, please refer to the section headed “5. *Investing in the Company – Designated Investments*”.

Fees and other expenses relating to Designated Investments may be paid inter alia, by utilising cash held for the benefit of a separate Class of Participating Shares (and for the purposes of calculating the Net Asset Value of the prejudiced Class, such cash transfer shall be deemed to be a loan from another Class of Participating Shares on terms that the loan will be repaid when the Designated Investment is monetized). Consequently, there will be a risk that the proceeds of liquidating the Designated Investment by the Company will not be sufficient to repay such loan and the total assets of the Company will be affected.

#### ***Limited/No Substantial Investment Restrictions***

There are limited/no substantial restrictions on the strategies which Manager may implement for the Company. Thus, it is possible that the Company may take substantial positions in the security or group of securities issued by a single issuer at the same time or invest substantially in a single market, industry or country. This possible lack of diversification may subject the investments of the Company to more fluctuations in value than would be the case if the assets of the Company were more widely diversified.

#### ***Leverage***

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

Whilst leveraging creates an opportunity for greater total returns it also exposes the Company to a greater risk of loss arising from adverse price changes.

#### ***Volatility Risk***

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

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

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

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

### ***Equity Securities***

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

### ***Debt Instruments***

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

### ***Pre-IPO Placements***

Investment in pre-IPO placements carries a significantly higher risk of investment loss than investing in quoted or IPOs. The risk factors include, but are not limited to, greater and more unpredictable price changes, inadequate trading opportunities or allocations for IPOs which the Manager wishes or is able to participate in, illiquidity because of a lack of a secondary market, investees are not typically required to provide periodic pricing or valuation information to investors, the availability of due diligence and independent research prior to investment may be limited, changes in the investees' financial position and prospects may change suddenly and without warning, investees and pre-IPO placements generally are not subject to the same regulatory requirements as quoted and IPO securities, and in many cases investees are unable to provide detailed and transparent disclosure of the company's affairs.

### ***Risks of investing in IPO securities***

The Company may invest in initial public offers ("IPOs") securities. The prices of securities involved in initial public offers ("IPOs") are often subject to greater and more unpredictable price changes than more

established securities. There is the risk that there are inadequate trading opportunities generally or allocations for IPOs which the Manager wishes or is able to participate in. Furthermore, the liquidity and volatility risks associated with investments or potential investments in IPO securities may be difficult to assess, due to the lack of trading history of such IPO securities. These risks may have adverse impact on the Company and its investors.

### ***Private Equity Investment Risks***

The Company's investments may include private equity investments and, accordingly, investors in the Company should carefully consider the risks of private equity investing in general, and the risks of investing in the Company in particular, including the following risks: (i) business risks, including, among others, changes in the financial condition or prospects of underlying companies, due diligence risks and operational risks, such as failure of management to execute business plans and objectives; (ii) economic risks, including changes in national or international economic and market conditions; (iii) financial risks, including, without limitation, leverage risks, credit risks and foreign exchange risks; (iv) legal and regulatory risks, including enhanced governmental scrutiny and litigation risks; and (v) risks related to the Manager, including changes in the Manager's personnel.

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

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

### ***Derivatives***

The Company may have exposure to derivatives including instruments and contracts the value of which is linked to one or more underlying securities, interest rates, foreign exchange rates, financial benchmarks or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives trading. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement can result not only in the loss of the entire investment, but may also expose the Company to the possibility of a loss exceeding the original amount invested.

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

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



### ***Counterparty Risk***

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

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

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

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

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

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

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

### ***Concentration Risk***

The Company will likely hold a few, relatively large (in relation to its capital) positions with the result that a loss in any position could have a material adverse impact on the Company's capital. In addition, the Company's portfolio may become significantly concentrated in securities related to a single or a limited number of issuers, industries, sectors, strategies, countries or geographic regions. This limited diversification may result in the concentration of risk, which, in turn, could expose the Company to losses

disproportionate to market movements in general if there are disproportionately greater adverse price movements in such securities.

### ***Liquidity of Investment Portfolio***

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

The Company may also invest in pre-IPO projects, private equity funds, private equity projects, and/or other illiquid investments/unlisted shares. Such illiquid investments generally have limited or no secondary market and, therefore, have limited liquidity and the Company may not be able to dispose of or realise such investments until an occurrence of a Realisation Event (as defined above). There is no guarantee that any such investment will be successful and no guarantee that such investments will achieve profits or avoid losses, significant or otherwise.

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

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

### ***Foreign Currency Markets***

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

### ***Emerging Markets Risk***

With respect to any emerging country, there is the possibility of nationalisation, expropriation or confiscatory taxation, political changes, government regulation, social instability or diplomatic developments and war which could affect adversely the economies of such countries or the value of a Company's investments in such countries. In addition, it may be difficult to obtain and enforce a judgement in a court in an emerging country.

Emerging markets can be significantly more volatile than developed markets, so that the value of investments may be subject to large fluctuations. Generally, emerging market securities are subject to greater risk than securities of developed markets in the case of deterioration of general economic conditions. Because investors generally perceive that there are greater risks associated with emerging market securities, the prices of such securities may tend to fluctuate more than those of developed markets. The market for emerging market securities is less liquid and less active than that for securities of developed markets, which can adversely affect the prices at which securities are sold. In addition, bad publicity and investor perception

about emerging market securities, whether or not based on fact, may contribute to a decrease in the value and liquidity of such securities.

### ***Economic and Political Risks***

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

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

### ***Settlement Risks***

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

### ***Custody Risks***

Assets held as collateral by the Prime Broker in relation to facilities offered to the Company, assets held as collateral by counterparties to derivative transactions with the Company and assets deposited as margin with either the Prime Broker, counterparties or with executing brokers might not be segregated from the assets of the Prime Broker, counterparties or such executing brokers. Such assets might therefore be available to the creditors of such persons in the event of their insolvency. In addition, no independent custodian has, as at the date of this Placing Memorandum, been appointed to hold the cash or other assets of the Company. Bank accounts in which the cash of the Company are held are generally operated by the Manager and/or the Administrator under authority from the Company.

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

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

### ***Securities Borrowing***

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

### ***Short Selling***

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

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

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

### ***Exchange Limitations on Trading***

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

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

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

### ***Risks in the People's Republic of China***

#### ***Development of Economies in China***

The economies of the various regions in China differ from the economies of most developed countries in many aspects, including as to: (a) the political structure; (b) the degree of government involvement; (c) the degree of economic development; (d) the level and control of capital re-investment; (e) the control of foreign exchange; (f) the allocation of resources and (g) the degree of liquidity in their capital markets. Certain economies in China have been transitioning from those which are centrally planned to more market oriented economies. For example, for more than two decades, the government of the PRC (as defined below) has implemented economic reform measures emphasizing the utilization of market forces in the development of the PRC economy. Although the Manager believes these reforms will have a positive effect on the overall and long-term development of such economies, it cannot predict whether changes in economic, political and social conditions, laws, regulations and policies in China will have an adverse effect on the investments of the Company.

### Legal and Tax Systems

The legal and tax systems of China are less predictable than most legal and tax systems in countries with more developed capital markets. Currently, the tax rules and regulations prevailing in China are, as a general matter, either new or under varying stages of review and revision, and there is considerable uncertainty as to whether new laws will be enacted and, if enacted, the scope and content of such laws. Reliance on oral administrative guidance from regulators and procedural inefficiencies hinder legal remedies in many areas, including bankruptcy and the enforcement of creditors' rights. Moreover, companies may experience delays in China when obtaining governmental licences and approvals. These factors contribute to the systemic risks to which the Company may be exposed. There can be no assurance that current taxes will not be increased or that additional sources of revenue or income, or other activities, will not be subject to new taxes, charges or similar fees in the future. Any such increase in taxes, charges or fees payable by the individual companies in the investment portfolio of the Company, may reduce the returns for the shareholders (including the Company). In addition, changes to tax treaties (or their interpretation) between countries in which the Company invests, and countries through which the Company conducts its investment program, may have a significant adverse effect on the Company's ability to efficiently realize income or capital gains. Consequently, it is possible that the Company may face unfavourable tax treatment resulting in an increase in the taxes payable by the Company on its investments. Any such increase in taxes could reduce the investment returns that might otherwise be available to the shareholders including the Company. All these uncertainties may cause difficulties in the enforcement of statutory and contractual rights and interests. It cannot be predicted whether changes in the laws, regulations and policies of any jurisdiction in China will have an adverse effect on the Company and the Company or its financial condition.

### Less Company Information and Regulation

Generally, there is less publicly available information about companies in China. This may make it more difficult for the Manager to stay informed of corporate action that may affect the price or value of a particular security. Further, China may lack uniform accounting, auditing and financial reporting standards, practices and requirements. These factors can make it difficult to analyse and compare the performance of companies in China.

### Local Intermediary Risks

Certain of the Company's transactions may be undertaken through local brokers, banks or other organizations in China. The Company is subject to the risk of default, insolvency or fraud of such organizations. There can be no assurance that any money advanced to such organizations will be repaid or that the Company would have any recourse in the event of default. The collection, transfer and deposit of bearer securities and cash may expose the Company to a variety of risks including theft, loss and destruction. The Company is also dependent upon the general soundness of the banking system throughout China which, in some cases, remains relatively under-developed or unstable compared to developed markets such as the U.S. and the United Kingdom.

### Political and Economic Instability

Investing in securities issued by companies in certain regions involves considerations and potential risks not typically associated with investments in securities of companies domiciled and operating in the G-7 nations, including the instability of governments, the possibility of expropriation, limitations on the use or removal of funds or other assets, changes or instability in governmental administration or economic or monetary policy, changed circumstances in dealings between nations and confiscatory taxation. The Company may incur higher expenses from investment in the securities issued in certain countries than from investment in others. The Company's investments in certain countries could be adversely affected by certain factors not present in developed nations, including lack of uniform accounting, auditing and financial reporting standards and potential difficulties in enforcing contractual obligations. In addition, the governments of such countries may participate in their economies through ownership or regulation in ways that can have a significant effect on securities prices. The economies of certain countries depend heavily on international trade and can be adversely affected by the enactment of trade barriers or changes in the

economic conditions of their trading partners. In some countries, especially developing or emerging countries, political or diplomatic developments could lead to programs that would adversely affect investments, such as confiscatory taxation or expropriation. Further, although the recent general trend in many of the less developed economies in China has been toward more open markets and the promotion of private business initiatives, no assurance can be given that the governments of these regions will continue to pursue such policies or that such policies may not be altered significantly. Political instability, economic distress, the difficulties of adjustment to a market economy, social instability, organized crime or other factors beyond the Manager's control could have a material adverse effect on the performance of the Company.

Although economic conditions are different in each country, investors' reactions to the developments in one country may have an adverse effect on the securities of issuers in other countries. Developments or conditions in emerging market countries may from time to time significantly affect the availability of credit in China and result in considerable outflows of funds and declines in the amount of foreign currency invested in these markets.

### *Restrictions on Investment and Repatriation*

Some regions in China impose restrictions and controls regarding investment by foreigners. Among other things, they may require prior governmental approvals, impose limits on the amount or types of securities that may be held by foreigners or impose limits on the types of companies in which foreigners may invest. These restrictions may at times limit or preclude the Company's investment in certain regions and may increase the Company's costs and expenses. Indirect foreign investment may, in some cases, be permitted through investment funds that have been specifically authorized for that purpose. Because of the limited number of authorizations granted in such countries, however, units or shares in most of the investment funds authorized in those countries may at times trade at a substantial premium over the value of their underlying assets. There can be no certainty that these premiums will be maintained, and if the restrictions on direct foreign investment in the relevant region were significantly liberalized, premiums might be reduced, eliminated altogether, or turned into a discount. In addition, certain regions impose restrictions and controls on repatriation of investment income and capital. In this regard, there can be no assurance that the Company will be permitted to repatriate capital or profits, if any, over the life of its activities. In addition, the Company faces the systemic risk that a region's balance of payments may result in the imposition of temporary restrictions on foreign capital remittances. The Company could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation of capital, as well as by the application to the Company of any restrictions on investments. Investing in entities either in, or which have a substantial portion of their operations in China may require the Company to adopt special procedures, seek local government approvals or take other actions, each of which may involve additional costs to the Company.

### ***Stock Connects***

The Company may invest and have direct access to certain eligible China A Shares and eligible ETFs via the Stock Connects.

The Shanghai-Hong Kong Stock Connect is a securities trading and clearing links programme developed by Hong Kong Exchanges and Clearing Limited ("**HKEx**"), Shanghai Stock Exchange ("**SSE**") and China Securities Depository and Clearing Corporation Limited ("**ChinaClear**"). The Shenzhen-Hong Kong Stock Connect is a securities trading and clearing links programme developed by HKEx, Shenzhen Stock Exchange ("**SZSE**") and ChinaClear. The aim of the Stock Connects is to achieve mutual stock market access between the PRC and Hong Kong.

The Shanghai-Hong Kong Stock Connect comprises a Northbound Shanghai Trading Link and a Southbound Hong Kong Trading Link. Under the Northbound Shanghai Trading Link, Hong Kong and overseas investors (including the Company), through their Hong Kong brokers and a securities trading service company established by the Stock Exchange of Hong Kong Limited ("**SEHK**"), may be able to trade eligible A Shares and eligible ETFs listed on SSE by routing orders to SSE.

The Shenzhen-Hong Kong Stock Connect comprises a Northbound Shenzhen Trading Link and a Southbound Hong Kong Trading Link. Under the Northbound Shenzhen Trading Link, Hong Kong and overseas investors (including the Company), through their Hong Kong brokers and a securities trading service company established by SEHK, may be able to trade eligible A Shares and eligible ETFs listed on the SZSE by routing orders to SZSE.

### ***Eligible Securities***

#### **(i) Shanghai-Hong Kong Stock Connect**

Under the Shanghai-Hong Kong Stock Connect, Hong Kong and overseas investors (including the Company) are able to trade eligible China A Shares and eligible ETFs listed on the SSE market (i.e. “**SSE Securities**”). The eligible SSE-listed China A Shares include all the constituent stocks from time to time of the SSE 180 Index and SSE 380 Index, and all the SSE-listed China A Shares that are not included as constituent stocks of the relevant indices but which have corresponding H Shares listed on SEHK, except the following:

- SSE-listed shares which are not traded in RMB; and
- SSE-listed shares which are included in the “risk alert”.

Investors eligible to trade shares that are listed on the Science and Technology Innovation Board of the SSE (“**STAR Board**”) under Northbound trading will be limited to institutional professional investors.

In addition, Hong Kong and overseas investors are able to trade eligible SSE-listed ETFs that satisfy the relevant criteria at a regular review and are accepted as eligible ETFs for Northbound trading in Stock Connects. Regular reviews will be performed to determine the eligible ETFs for Northbound trading every six months.

#### **(ii) Shenzhen-Hong Kong Stock Connect**

Under the Shenzhen-Hong Kong Stock Connect, Hong Kong and overseas investors (including the Company) are able to trade eligible China A Shares and eligible ETFs listed on the SZSE market (i.e. “**SZSE Securities**”). The eligible SZSE-listed China A Shares include all the constituent stocks of the SZSE Component Index and SZSE Small/Mid Cap Innovation Index which have a market capitalisation of not less than RMB 6 billion, and all the SZSE-listed China A Shares which have corresponding H Shares listed on SEHK, except the following:

- SZSE-listed shares which are not traded in RMB; and
- SZSE-listed shares which are included in the “risk alert” or under delisting arrangement.

Investors eligible to trade shares that are listed on the ChiNext Board of the SZSE (“**ChiNext Board**”) under Northbound trading will be limited to institutional professional investors.

In addition, Hong Kong and overseas investors are able to trade eligible SZSE-listed ETFs that satisfy the relevant criteria at a regular review and are accepted as eligible ETFs for Northbound trading in Stock Connects. Regular reviews will be performed to determine the eligible ETFs for Northbound trading every six months.

It is expected that both lists of SSE Securities and SZSE Securities will be subject to review and approval by the relevant regulatory bodies from time to time.

Further information about the Stock Connects is available online at the website: <http://www.hkex.com.hk/mutualmarket>.

Where the Company invests through the Stock Connects, such Company will be subject to the following risks associated with the Stock Connects:-

*Quota limitations risk* – The Stock Connects are subject to quota limitations. Trading under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect will be subject to a daily quota respectively (“**Daily Quota**”). The Daily Quota will apply on a “net buy” basis. In particular, once the remaining balance of the Northbound Daily Quota drops to zero or the Northbound Daily Quota is exceeded during the opening call auction session, new buy orders will be rejected (though investors will be allowed to sell their cross-boundary securities regardless of the quota balance). Therefore, quota limitations may restrict the Company’s ability to invest in the eligible securities through the Stock Connects on a timely basis, and the Company may not be able to effectively pursue its investment strategies.

*Suspension risk* – Each of the SEHK, SSE and SZSE reserves the right to suspend Northbound and/or Southbound trading if necessary for ensuring an orderly and fair market and that risks are managed prudently. Consent from the relevant regulator would be sought before a suspension is triggered. Where a suspension in the Northbound trading through the Stock Connects is effected, the Company’s ability to access the PRC market will be adversely affected.

*Differences in trading days* – The Stock Connects only operate on days when both the PRC and Hong Kong stock markets are open for trading and when banks in both markets are open on the corresponding settlement days. Therefore it is possible that there are occasions when it is a normal trading day for the PRC stock markets but Hong Kong stock markets or banks are closed and overseas investors (such as the Company) cannot carry out any trading via the Stock Connects. Due to the differences in trading days, the Company may be subject to a risk of price fluctuations in the relevant securities on a day that the PRC stock markets are open for trading but the Hong Kong stock market is closed.

*Operational risk* – The Stock Connects provide a channel for investors from Hong Kong and overseas to access the PRC stock markets directly.

The Stock Connects are premised on the functioning of the operational systems of the relevant market participants. Market participants are able to participate in these programmes subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house.

Market participants generally have configured and adapted their operational and technical systems for the purpose of trading the eligible securities through the Stock Connects. However, it should be appreciated that the securities regimes and legal systems of the two markets differ significantly and in order for the programmes to operate, market participants may need to address issues arising from the differences on an on-going basis.

Further, the “connectivity” in the Stock Connects requires routing of orders across the border. SEHK has set up an order routing system (“**China Stock Connect System**”) to capture, consolidate and route the cross-boundary orders input by exchange participants. There is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems failed to function properly, trading in both markets through the programme could be disrupted. The Company’s ability to access the PRC market (and hence to pursue its investment strategy) will be adversely affected.

*Restrictions on selling imposed by front-end monitoring* – PRC regulations require that before an investor sells any share, there should be sufficient shares in the account; otherwise SSE or SZSE will reject the sell order concerned. SEHK will carry out pre-trade checking on SSE Securities and SZSE Securities sell orders of its participants (i.e. the stock brokers) to ensure there is no over-selling.

Generally, if the Company desires to sell certain SSE Securities and/or SZSE Securities it holds, it must transfer those SSE Securities and/or SZSE Securities to the respective accounts of its brokers before the market opens on the day of selling (“**Trading Day**”) unless its brokers can otherwise confirm that the



Company have sufficient SSE Securities or SZSE Securities (as the case may be) in the accounts. If it fails to meet this deadline, it will not be able to sell those shares on the Trading Day. Because of this requirement, the Company may not be able to dispose of holdings of SSE Securities or SZSE Securities in a timely manner.

However, the Company may request a custodian to open a special segregated account (“**SPSA**”) in CCASS (the Central Clearing and Settlement System operated by HKSCC (as defined below) for the clearing securities listed or traded on SEHK) to maintain its holdings in SSE Securities and/or SZSE Securities under the enhanced pre-trade checking model. Each SPSA will be assigned a unique “Investor ID” by CCASS for the purpose of facilitating China Stock Connect System to verify the holdings of an investor such as the Company. Provided that there is sufficient holding in the SPSA when a broker inputs the Company’s sell order, the Company will be able to dispose of its holdings of SSE Securities and/or SZSE Securities (as opposed to the practice of transferring China A Shares to the broker’s account under the current pre-trade checking model for non-SPSA accounts). Opening of the SPSA accounts for the Company will enable it to dispose of its holdings of SSE Securities and/or SZSE Securities in a timely manner.

*Recalling of eligible securities* – When a security is recalled from the scope of eligible securities for trading via the Stock Connects, the security can only be sold but restricted from being bought. This may affect the investment portfolio or strategies of the Company, for example, when the Manager wishes to purchase a security which is recalled from the scope of eligible securities.

*Custody, clearing and settlement risk* – The Hong Kong Securities Clearing Company Limited (“**HKSCC**”), a wholly-owned subsidiary of HKEx, will be responsible for the clearing, settlement and the provision of depository, nominee and other related services of the trades executed by Hong Kong market participants and investors. The SSE Securities and/or SZSE Securities traded through Stock Connects are issued in scripless form, so investors will not hold any physical shares. Hong Kong and overseas investors (including the Company) who have acquired SSE Securities or SZSE Securities through Northbound trading should maintain the SSE Securities or SZSE Securities with their brokers’ or custodians’ stock accounts with CCASS.

HKSCC and ChinaClear have established the clearing links and each is a participant of each other to facilitate clearing and settlement of cross-boundary trades. For cross-boundary trades initiated in a market, the clearing house of that market will on one hand clear and settle with its own clearing participants, and on the other hand undertake to fulfil the clearing and settlement obligations of its clearing participants with the counterparty clearing house.

Should the remote event of ChinaClear default occur and ChinaClear be declared as a defaulter, HKSCC’s liabilities in Northbound trades under its market contracts with clearing participants will be limited to assisting clearing participants in pursuing their claims against ChinaClear. HKSCC will in good faith, seek recovery of the outstanding securities and monies from ChinaClear through available legal channels or through ChinaClear’s liquidation. In that event, the Company may suffer delay in the recovery process or may not be able to fully recover its losses from ChinaClear.

*Participation in corporate actions and shareholders’ meetings* – Notwithstanding the fact that HKSCC does not claim proprietary interests in the SSE Securities and SZSE Securities held in its omnibus stock account in ChinaClear, ChinaClear as the share registrar for SSE/SZSE listed companies will still treat HKSCC as one of the shareholders when it handles corporate actions in respect of such SSE Securities or SZSE Securities (as the case may be).

HKSCC will monitor the corporate actions affecting SSE Securities and SZSE Securities and keep the relevant brokers or custodians participating in CCASS (“**CCASS participants**”) informed of all such corporate actions that require CCASS participants to take steps in order to participate in them. The HKSCC will keep CCASS participants informed of corporate actions of SSE Securities and SZSE Securities. Where the articles of association of a listed company do not prohibit the appointment of proxy/multiple proxies by its shareholder, HKSCC will make arrangements to appoint one or more investors as its proxies or representatives to attend shareholders’ meetings when instructed. Further, investors (with holdings reaching

the thresholds required under the PRC regulations and the articles of associations of listed companies) may, through their CCASS participants, pass on proposed resolutions to listed companies via HKSCC under the CCASS rules. HKSCC will pass on such resolutions to the companies as shareholder on record if so permitted under the relevant regulations and requirements. Hong Kong and overseas investors (including the Company) are holding SSE Securities and SZSE Securities traded via the Stock Connects through their brokers or custodians, and they will need to comply with the arrangement and deadline specified by their respective brokers or custodians (i.e. CCASS participants). The time for them to take actions for some types of corporate actions of SSE Securities and SZSE Securities may be very short. Therefore, it is possible that the Company may not be able to participate in some corporate actions in a timely manner.

*Nominee arrangements in holding SSE Securities and SZSE Securities* – HKSCC is the nominee holder of the SSE Securities and SZSE Securities acquired by Hong Kong and overseas investors (including the Company) through the Stock Connects. The current Stock Connects rules expressly provide for the concept of a “nominee holder” and there are other laws and regulations in the PRC which recognise the concepts of “beneficial owner” and “nominee holder”. Although there is reasonable ground to believe that an investor may be able to take legal action in its own name to enforce its rights in the courts in the PRC if it can provide evidence to show that it is the beneficial owner of SSE Securities/ SZSE Securities and that it has a direct interest in the matter, investors should note that some of the relevant PRC rules related to nominee holder are only departmental regulations and are generally untested in the PRC. There is no assurance that the Company will not encounter difficulties or delays in terms of enforcing its rights in relation to SSE Securities and SZSE Securities acquired through the Stock Connects. However, regardless of whether a beneficial owner of SSE Securities under Shanghai-Hong Kong Stock Connect or SZSE Securities under Shenzhen-Hong Kong Stock Connect is legally entitled to bring legal action directly in the PRC courts against a listed company to enforce its rights, HKSCC is prepared to provide assistance to the beneficial owners of SSE Securities and SZSE Securities where necessary.

*Currency risk* – Where the Company is denominated in US dollars, the performance of the Company may be affected by movements in the exchange rate between RMB (i.e. the currency in which SSE Securities and SZSE Securities are traded and settled) and US dollars or other foreign currency. The Company may, but is not obliged to, seek to hedge foreign currency risks. However, even if undertaken, such hedging may be ineffective. On the other hand, failure to hedge foreign currency risks may result in the Company suffering from exchange rate fluctuations. For further details on exchange risk, please see risk factor “Foreign Currency Markets” above).

*No Protection by China Securities Investor Fund* – Investments through the Stock Connects are conducted through brokers, and are subject to the risks of default by such brokers’ in their obligations.

Since the Company is carrying out Northbound trading through securities brokers in Hong Kong but not PRC brokers, it is not protected by the China Securities Investor Protection Fund (中國證券投資者保護基金) in the PRC.

*Regulatory risk* – The Stock Connects are novel in nature, and the Stock Connects will be subject to regulations promulgated by regulatory authorities and implementation rules made by the stock exchanges in the PRC and Hong Kong. Further, new regulations may be promulgated from time to time by the regulators in connection with operations and cross-border legal enforcement in connection with cross-border trades under the Stock Connects.

It should be noted that the current regulations and rules on Stock Connects are subject to change which may have potential retrospective effect. There can be no assurance that the Stock Connects will not be abolished. The Company, which may invest in the PRC stock markets through the Stock Connects, may be adversely affected as a result of such changes.

### **Risks associated with ChiNext Board and/or STAR Board**

The Company may have exposure to stocks listed on ChiNext Board and/or STAR Board.

*Higher fluctuation on stock prices* – Listed companies on ChiNext Board and/or STAR Board are usually of emerging nature with smaller operating scale. Listed companies on ChiNext Board and STAR Board are subject to wider price fluctuation limits, and due to higher entry thresholds for investors may have limited liquidity, compared to other boards. Hence, companies listed on these boards are subject to higher fluctuation in stock prices and liquidity risks and have higher risks and turnover ratios than companies listed on the mainboards.

*Over-valuation risk* – Stocks listed on ChiNext Board and/or STAR Board may be overvalued and such exceptionally high valuation may not be sustainable. Stock price may be more susceptible to manipulation due to fewer circulating shares.

*Differences in regulation* – The rules and regulations regarding companies listed on ChiNext Board and STAR Board are less stringent in terms of profitability and share capital than those in the main boards.

*Delisting risk* – It may be more common and faster for companies listed on ChiNext Board and/or STAR Board to delist. ChiNext Board and STAR Board have stricter criteria for delisting compared to the main boards. This may have an adverse impact on the Company if the companies that it invests in are delisted.

*Concentration risk (Applicable to STAR Board)*: STAR Board is a newly established board and may have a limited number of listed companies during the initial stage. Investments in STAR Board may be concentrated in a small number of stocks and subject the Company to higher concentration risk.

Investments in ChiNext Board and/or STAR Board may result in significant losses for the Company and its investors.

### ***PRC Tax Risk***

#### ***(i) Dividends***

Pursuant to Caishui [2014] No. 81 “The Circular on Issues Relating to the Tax Policy of the Pilot Inter-connected Mechanism for Trading on the Shanghai and Hong Kong Stock Markets” (“**Circular 81**”) promulgated by the Ministry of Finance of the PRC (“**MOF**”), the State Administration of Taxation of the PRC (“**SAT**”) and the China Securities Regulatory Commission (“**CSRC**”) on 14 November 2014, the Company is subject to a withholding income tax (“**WHT**”) at 10% on dividends received from China A-Shares traded via Shanghai-Hong Kong Stock Connect, unless reduced under a double tax treaty with the PRC upon application to and obtaining approval from the competent PRC authority.

Pursuant to Caishui [2016] No. 127 “The Circular on Issues Relating to the Tax Policy of the Pilot Inter-connected Mechanism for Trading on the Shenzhen and Hong Kong Stock Markets” (“**Circular 127**”) promulgated by the MOF, SAT and CSRC on 5 November 2016, the Company is subject to a WHT at 10% on dividends received from China A-Shares traded via Shenzhen-Hong Kong Stock Connect.

Dividends received by the Company from China A-Shares traded via the Stock Connects should not be subject to VAT.

#### ***(ii) Capital gains***

Pursuant to Circular 81 and Circular 127, PRC corporate income tax (“**CIT**”) will be temporarily exempted on capital gains derived by Hong Kong and overseas investors (including the Company) on the trading of China A-Shares through the Stock Connects. Circular 81, which was issued under the PRC Business Tax (“**BT**”) regime, stated that investors in the Hong Kong market are temporarily exempt from PRC BT with respect to gains derived from the trading of China A-Shares through the Shanghai-Hong Kong Stock Connect. Pursuant to Circular 127, investors in the Hong Kong market (including the Company) are temporarily exempt from PRC VAT with respect to gains derived from the trading of China A-Shares through the Shenzhen-Hong Kong Stock Connect.

From 19 September 2008 onwards, only the seller is taxable to stamp duty at the rate of 0.1% on the sale of PRC listed shares and the buyer is not liable to any stamp duty.

It is noted that Circular 81 and Circular 127 both state that the exemption on CIT, BT and VAT effective from 17 November 2014 and from 5 December 2016 respectively is temporary. As such, as and when the PRC authorities announce the expiry date of the exemption, the Company may in future need to make provision to reflect taxes payable, which may have a substantial negative impact on the Company NAV.

### ***Risks relating to China A-Shares***

The PRC markets on which China A-Shares are listed have in the past experienced substantial price volatility and there can be no assurance that such volatility will not occur in the future. These markets may be more volatile and unstable (for example, due to the risk of suspension of a particular stock or government intervention) than markets in more developed countries. Market volatility and potential lack of liquidity may result in prices of securities traded on the PRC markets to fluctuate significantly. This may result in substantial changes to the Company which invests in China A-Shares.

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

The Articles contain provisions that may provide a broader indemnification of the Directors against claims or lawsuits arising out of the Company's activities than would apply in the absence of such provisions. The Company has agreed to indemnify (out of the assets of the Company) and hold harmless each of the Directors from and against any liability incurred by them as a result of any act or failure to act in carrying out such Director's functions other than such liability (if any) that may be excluded under the Articles and/or any Director's service agreement with the Company. In addition, under their agreements with the Company, the Manager and other Service Providers are entitled to broader indemnification rights than might otherwise apply. If the Company was called upon to perform under its indemnification obligations, then the portion of its assets expended in such fashion would reduce the amount otherwise available for the Company's operations.

Investors will also be required to indemnify the Company and the Manager against any form of taxation liability of the Cayman Islands, Hong Kong, the People's Republic of China or of any other part of the world.

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

### ***Absence of Operating History***

The Company and the Manager are relatively new entities and do not have an operating history upon which investors may base an evaluation of their likely performance. The Company's results will depend upon the availability of suitable investment opportunities for the Company and the performance of the Company's investments.

### ***Reliance on Management***

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

### ***Reliance on Service Providers***

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

### ***Performance Fee***

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

### ***Dividends and Distributions***

The Company does not intend to pay dividends or other distributions, but intends instead to reinvest all of the Company's income and gains. Accordingly, an investment in the Company may not be suitable for investors seeking income returns for financial or tax planning purposes. The Directors reserve the right, subject to applicable laws, to declare and pay special dividends. The Directors do not anticipate such dividends being paid except in unusual circumstances.

### ***Contagion Risk***

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

### ***Conflicts of Interest***

There will be no limitation with respect to the Manager's other activities and investments or with respect to the activities of other investment portfolios managed by the Manager. Accordingly, conflicts of interest may occur. Please refer to the section headed "*12. Potential Conflicts of Interest*" below for further information.

### ***Valuation and Accounting***

The Company intends to adopt International Financial Reporting Standards ("**IFRS**") in drawing up the annual accounts of the Company. However, investors should note that the calculation of the Net Asset Value in the manner described below in the section headed "*11. Valuation and Prices - Calculation of Net Asset Value*" (which the Company intends to adopt for the purpose of determining Subscription Prices and Redemption Prices and for the purpose of the calculation of various fees as described in this Placing Memorandum) may not necessarily comply with generally accepted accounting principles, that is, IFRS. Accordingly, investors should note that the Net Asset Value as described in this Placing Memorandum may

not necessarily be the same as the net asset value to be reported in the annual accounts as the Manager may make necessary adjustments in the annual accounts to comply with IFRS.

The Net Asset Value will be determined by the Administrator (in consultation with the Manager). Since the value assigned to the Company's assets and liabilities affects the management fee and performance fee payable to the Manager, the Manager's involvement in the valuation process creates a potential conflict of interest. There is no guarantee that the value determined with respect to a particular asset or liability by the Administrator will represent the value that will be realized by the Company on the eventual disposition of the related investment or that would, in fact, be realized upon an immediate disposition of the investment. There are inherent limitations in the valuation of the Company's assets and liabilities and the calculation of Net Asset Value, which will be affected by a number of factors, including system error, oversight, breakdowns in processes, a lack of availability of information in a timely manner, exchanges communicating incorrect information, rapidly evolving changes to particular industries, regulatory changes and tax and accounting policies.

### ***Effect of Substantial Redemptions***

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

### ***Amendment of Redemption Rights***

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

### ***Distributions In Specie***

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

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

Under certain circumstances, the proceeds of redemption of Participating Shares paid to a Shareholder can be lawfully recalled by a liquidator or other authorised person of the Company. If a Shareholder acts as and holds Participating Shares as nominee or otherwise does not retain the redemption proceeds received

from the Company, the Shareholder may be compelled to repay the Company, even if the Shareholder has distributed redemption proceeds to beneficiaries.

### ***Taxation Risk***

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

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

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

### ***Electronic delivery of information risk***

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

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

With the increasing use of the Internet and technology in general, the Company is exposed to operational and information security risks through breaches in cyber security. Cyber security breaches include, without limitation, infection by computer viruses and gaining unauthorised access to the Company's systems through "hacking" or other means for the purpose of misappropriating assets or sensitive information, corrupting data, or causing operations to be disrupted. Cyber security breaches may also occur in a manner that does not require gaining unauthorised access, such as denial-of-service attacks or situations where authorised individuals intentionally or unintentionally release confidential information stored on the Company's systems. A cyber security breach may cause disruptions and impact the Company's business operations, which could potentially result in financial losses, the inability to determine the Net Asset Value of the Company, violation of applicable law, regulatory penalties and/or fines, compliance and other costs. The Company and its Shareholders could be negatively impacted as a result. In addition, because the Company works closely with third-party Service Providers, including the Manager, the Investment Adviser (if any), the Custodian (if any), Prime Brokers and the Administrator, indirect cyber security breaches at such third-party Service Providers may subject the Company and its Shareholders to the same risks associated with direct cyber security breaches. Further, indirect cyber security breaches at an issuer of securities in which the Company invests may similarly negatively impact the Company and its Shareholders. While the Company has established risk management systems designed to reduce the risks associated with cyber security breaches, there can be no assurances that such measures will be successful.

### ***Pandemics, Epidemics and Other Public Health Crises***

A pandemic, epidemic or other public health crisis could adversely impact the Company and its investment portfolios. For example, there has been a number of outbreaks of infectious illnesses in recent decades, including swine flu, avian influenza, SARS and most recently the outbreak of the novel coronavirus known as 2019-nCoV (“**COVID-19**”). A large number of cases caused by COVID-19 have been confirmed in over 170 countries in the world. The COVID-19 outbreak has resulted in many deaths and the imposition of local, municipal and national governmental “work from home” quarantine measures, border closures and other travel restrictions causing significant social unrest and commercial disruption in impacted jurisdictions. The World Health Organization has characterized the COVID-19 outbreak as a global pandemic.

The continuing spread of COVID-19 will likely have a material adverse impact on local economies in the affected jurisdictions and also on the global economy as cross border commercial activity is increasingly impacted by government measures seeking to contain its spread. In addition to these developments having potential adverse consequences for the Company’s investment portfolios or through which the Company invests and the value of the Company’s investments therein, the operations of the Company may be adversely impacted, including as a result of government mandated quarantine measures, business closures and suspensions and travel restrictions, and any related health issues of such personnel. Disruptions to commercial activity relating to the imposition of quarantines or travel restrictions (or more generally, a failure of containment efforts) could adversely impact investments of the Company, and also the ability of the Company to manage and divest its investments and its ability to fulfil its investment objectives. Similar consequences could arise with respect to other comparable infectious diseases.

The outbreak of COVID-19 has contributed to, and could continue to contribute to, volatility in financial markets, including changes in interest rates. A continued outbreak could have a resulting negative impact on economic fundamentals and investor confidence, increase the risk of default of particular portfolios, negatively impact market values, cause credit spreads to widen, and reduce liquidity, all of which could have an adverse effect on the returns of the Company. No assurance can be given as to the effect of these events on the value of the Company’s investments. The impact of a public health crisis such as COVID-19 (or any future pandemic, epidemic or other outbreak of a contagious disease) is difficult to predict, which presents material uncertainty and risk with respect to the performance of the Company.

### ***Side Letters***

Subject to the Articles and all applicable laws, the Company and/or the Manager or its associates may, without the consent of any other person, enter into side letters or similar arrangements with investors granting an investor preferred economic and/or other terms as compared to other Shareholders, including, but not limited to, terms the effect of which is to provide an investor with more favourable treatment than other holders of the same class of equity interest enhancing that investor's ability either (i) to redeem equity interests of that class or (ii) make a determination as to whether to redeem equity interests of that class and which, in either case, might reasonably be expected to put other holders of equity interests of that class who are in the same position at a material disadvantage in connection with the exercise of their redemption rights; provided that such waiver or modification does not amount to a material adverse effect on the share rights attaching to the Participating Shares of such other Shareholders. Such terms may include, but are not limited to, rebates of fees and/or charges payable to the Manager or its associates, the reservation of capacity in the Company, preferential rights of redemption, and the provision of additional liquidity, co-investment opportunities or additional information to the investor. The Manager or its associates may also agree to consult with or obtain prior approval from particular investors before taking certain actions. Where the Company has granted preferential rights of redemption, the material terms relating to such preferential rights will be made available on request.

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

The Directors may enter into such side letters with any party as the Directors may determine in their sole and absolute discretion at any time. Except as described in this Placing Memorandum or as required by law,



regulation or the Articles, in general, neither the Company nor the Manager will be required to notify any or all of the other Shareholders of any such side letter arrangements or any of the rights and/or terms or provisions thereof, nor will the Company or the Manager be required to offer such additional and/or different rights and/or terms to any or all of the other Shareholders. The other Shareholders will have no recourse against the Company, the Manager, and/or any of their affiliates in the event that certain Shareholders receive additional and/or different rights and/or terms as a result of such side letters.

### ***Handling of Mail***

Mail addressed to the Company and received at its registered office may, depending on the practices and procedures of the Company's registered office services provider, be forwarded unopened to the forwarding address supplied by the Company / Manager / Administrator to be dealt with. None of the Company, its Directors, officers, advisors or Service Providers (including the registered office services provider 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 Company).

### ***Requests for Information***

The Company, or any 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 a subscriber's beneficial owners and controller, subject to a request for information made by a regulatory or governmental authority or agency under applicable law; e.g. by the Monetary Authority, either for itself or for a recognised overseas regulatory authority, under the Monetary Authority Act (As Revised), or by the Cayman Islands Tax Information Authority (the "TIA"), under the Tax Information Authority Act (As Revised) of the Cayman Islands and associated regulations, agreements, arrangements and memoranda of understanding. Disclosure of confidential information under such laws shall not be regarded as a breach of any duty of confidentiality and, in certain circumstances, the Company, Director or agent, may be prohibited from disclosing that the request has been made.

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

Deacons has been engaged by the Manager to represent them as Hong Kong counsel in connection with the organisation of the Company and the offering of Participating Shares. Deacons has also been appointed as a Hong Kong counsel to the Company in connection with these and other matters. Maples and Calder (Hong Kong) LLP has been engaged as Cayman Islands legal counsel to the Company. Deacons and Maples and Calder (Hong Kong) LLP are referred to below as "**Legal Counsel**"). Other counsel may also be retained where the Company or the Manager (each on its own behalf) determines that to be appropriate.

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

There may be situations in which there is a “conflict” between the interests of the Manager and/or the Investment Adviser (if any) and those of the Company. In these situations, the Manager and the Company will determine the appropriate resolution of such conflict, and may seek advice from Deacons in connection with such determinations. The Manager and the Company have consented to Deacons’ concurrent representation of such parties in such circumstances.

### ***Cayman Islands Data Protection Act***

Under the Cayman Islands Data Protection Act (As Revised) (“DPA”), data controllers are subject to additional obligations including, amongst others, processing personal data in accordance with lawful purposes, bearing responsibility for data processors who process personal data on their behalf, and providing data subjects with more detailed information regarding the processing of their personal data. Other obligations imposed on data controllers include personal data retention limitations and the obligation to report any personal data breach to affected data subjects and the Cayman Islands Ombudsman without undue delay. Under the DPA, data subjects are afforded additional rights, including the right to access personal data, the right to have inaccurate personal information rectified, the right to have personal data held by a data controller erased in certain circumstances, and the right to restrict or object to processing in a number of circumstances. The implementation of the DPA may result in increased operational and compliance costs being borne directly or indirectly by the Company. Further, there is a risk that the measures will not be implemented correctly by the Company or its service providers. If there are breaches of these measures by the Company or any of its service providers, the Company or its respective service providers could face significant administrative fines, imprisonment, and/or be required to compensate any data subject who has suffered damage as a result as well as the Company suffering reputational damage which may have a material adverse effect on its operations and financial conditions.

### ***United States FATCA***

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

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

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

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

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

in accordance with applicable laws and regulations, and the discretion to do so will be exercised by the Manager acting in good faith and on reasonable grounds.

This and certain other tax risks associated with an investment in the Company are discussed below under the section headed “9. *Taxation.*”

Each prospective investor (and Shareholder) should consult with its own tax advisor as to the potential impact of FATCA in its own tax situation.

### ***Sustainability Risks***

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

The Manager may integrate the review of sustainability risks into the investment process, as relevant, to the nature and risk of investment opportunities, by reference to factors such as location and/or sector. As part of the due diligence process, information is generally requested on ESG matters such as environmental issues, health and safety and diversity policies (as relevant to the nature and risk of the specific investment opportunity). This information will be used to consider and assess the sustainability risk profile (among other relevant considerations) of the proposed investment, and identify relevant sustainability risk issues that may need to be managed and/or addressed either before or after the acquisition of the investment. If unacceptable sustainability risk issues and/or areas requiring further enhancement are discovered as part of the due diligence process, the Manager may choose not to progress with the investment opportunity.

The Manager may also internally escalate and/or prohibit certain transactions that it deems to present unacceptable levels of sustainability risk. On an ongoing basis, the Manager may utilise proprietary processes, third-party tools and/or research to monitor sustainability risks that are relevant to investments within the Company, and will directly engage with underlying company management and/or relevant advisors on these matters.

### ***Climate-related Risks***

The underlying companies in which the Company invests may have investments that are located in areas which are subject to climate-related risks. Any investments located in coastal regions may be affected by any future increases in sea levels or in the frequency or severity of hurricanes and tropical storms, whether such increases are caused by global climate changes or other factors. There may be significant physical effects of climate change that have the potential to have a material effect on the underlying company’s business and operations. Physical impacts of climate change may include: increased storm intensity and severity of weather (e.g., floods or hurricanes); sea level rise; and extreme temperatures. As a result of these physical impacts from climate-related events, the Company may be vulnerable to the following: risks of property damage to the Company’s investments; indirect financial and operational impacts from disruptions to the operations of the Company’s investments from severe weather; increased insurance premiums and deductibles or a decrease in the availability of coverage, for investments in areas subject to severe weather; decreased net migration to areas in which investments are located, resulting in lower than expected demand for the products and services of the investments; increased insurance claims and liabilities; increase in energy cost impacting operational returns; changes in the availability or quality of water or other natural resources on which the business depends; decreased consumer demand for consumer products or services resulting from physical changes associated with climate change (e.g., warmer temperature or decreasing shoreline could reduce demand for residential and commercial properties previously viewed as desirable);

incorrect long-term valuation of an equity investment due to changing conditions not previously anticipated at the time of the investment; and economic distributions arising from the foregoing.

**The foregoing risk factors do not purport to be all the risks involved in this offering. Potential investors should read this Placing Memorandum in its entirety and seek independent advice before determining whether to invest in Participating Shares.**

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## 7. ACCOUNTS AND INFORMATION

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The Company's financial year end is 31 December with the first such financial year ended on 31 December 2021. Copies of the annual report and audited accounts of the Company are sent to Shareholders within six months from the end of the period to which they relate. The annual reports and audited accounts of the Company will also be made available to investors free of charge upon request from the offices of the Manager.

Such financial statements are required to be filed with the Monetary Authority, together with a 'Fund Annual Return' (incorporating general, operating and financial information on the Company) as required pursuant to the Mutual Funds (Annual Returns) Regulations (as consolidated, amended and revised) of the Cayman Islands, within six months of each financial year end.

The assets and liabilities of the Company will be presented in the audited financial statements of the Company in accordance with IFRS.

In addition, the Net Asset Value per Participating Share will be published monthly on the Administrator's website, or such other media as the Directors may determine.

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

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## **8. DIVIDEND POLICY**

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Income of the Company will not be distributed unless the Directors otherwise determine. Retained income will be reflected in the value of Participating Shares.

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## 9. TAXATION

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

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

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

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

### *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 Company or the Shareholders. 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 Company.

The Company has applied for and received an undertaking from the Financial Secretary of the Cayman Islands that, in accordance with section 6 of the Tax Concessions Act (As Revised) of the Cayman Islands, for a period of 20 years from the date of the undertaking, no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations and, in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable (i) on or in respect of the shares, debentures or other obligations of the Company or (ii) by way of the withholding in whole or in part of a payment of dividend or other distribution of income or capital by the Company to its members or a payment of principal or interest or other sums due under a debenture or other obligation of the Company.

### **Cayman Islands – Automatic Exchange of Financial Account Information**

The Cayman Islands has signed an 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, a multilateral competent authority agreement to implement the OECD Standard for Automatic Exchange of Financial Account Information – Common Reporting Standard (“CRS” and together with the US IGA, “AEOI”).

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 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, 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 Company 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 Company to, amongst other things (i) register with 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 CRS, (iv) conduct due diligence on its accounts to identify whether any such accounts are considered " Reportable Accounts", (v) report information on such Reportable Accounts to the TIA, and (vi) file a CRS Compliance Form with the TIA. 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.

For information on any potential withholding tax that may be levied against the Company, see also the US tax disclosure under the risk factor “United States FATCA” above.

By investing in the Company and/or continuing to invest in the Company, investors shall be deemed to acknowledge that further information may need to be provided to the Company, the Company's compliance with the AEOI Regulations may result in the disclosure of investor information, and investor information may be exchanged with overseas fiscal authorities. Where an investor fails to provide any requested information (regardless of the consequences), the Company 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 of the investor concerned and/or closure of the investor's account. In accordance with TIA issued guidance, the Company is required to close an investor's account if a self-certification is not obtained within 90 days of account opening.

## ***Hong Kong***

### The Company

The Inland Revenue Ordinance (“**IRO**”) of Hong Kong imposes tax on property rental income, employment income and business profits. As the Company does not intend to directly own any land or buildings situated in Hong Kong that derive rental income and will not be generating any employment income, its exposure to Hong Kong tax under the IRO would generally be in connection with business profits only (i.e., “**profits tax**”).

Profits tax is charged on profits from a trade, profession or business carried on in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (“Hong Kong Sourced Profits”), unless such profits are of a capital nature. Whether a gain is regarded as being capital or revenue in nature is a question of fact which has to be determined based on the specific facts and circumstances of each case.

In general, the Company’s exposure to Hong Kong profits tax will only arise if the Company is regarded as carrying on a trade, profession or business in Hong Kong either on its own account or through another person (e.g. the Manager) and/or constituting a permanent establishment (as effective in relation to a year of assessment beginning on or after 1 April 2019) in Hong Kong. The Inland Revenue (Amendment) (No.6) Ordinance 2018 introduced a new definition of permanent establishment in Hong Kong for non-residents of a non-treaty jurisdiction under which a person, including a corporation or partnership irrespective of its place of incorporation or establishment, may potentially be subject to Hong Kong profits tax.

Where the Company is regarded as carrying on a trade, profession or business and/or constituting a permanent establishment (as effective in relation to a year of assessment beginning on or after 1 April 2019) in Hong Kong, a liability to profits tax, the rate of which is currently up to 16.5 per cent., will only exist in respect of any profits which arise in or are derived from Hong Kong from that trade, profession or business



and which are not capital in nature. Whether a gain is regarded as being capital in nature is a question of fact which has to be determined based on the specific facts and circumstances of each case. It should be noted that whilst gains of a capital nature are excluded from taxation in Hong Kong, where a person regularly purchases and sells securities as part of its business, it may be regarded as trading in securities and as such, gains derived therefrom may be regarded as being revenue in nature.

In this connection, profits chargeable to Hong Kong profits tax may include:

- profits arising from the disposal of securities (except those acquired and held as capital assets) listed on and executed through the Hong Kong Stock Exchange;
- profits arising from the disposal of securities (except those acquired and held as capital assets) listed on stock exchanges outside Hong Kong but traded over-the-counter in Hong Kong or unlisted securities where the purchase and/or sale contracts are effected (i.e. negotiated, concluded and executed) in Hong Kong; and
- interest income arising from certain debt instruments where the loan funds were first made available to the issuer in Hong Kong (where the Company is not regarded as carrying on a money lending business.)

Interest on local bank deposits is statutorily exempt from profits tax provided certain conditions are fulfilled.

Dividends and profit distributions received by the Company from its equity investments (whether located within or outside Hong Kong) would generally not be chargeable to tax in Hong Kong (whether by way of withholding or otherwise) under the current law.

The Inland Revenue (Amendment) (No.3) Ordinance 2018, which was enacted into law on 29 March 2018, implements a two-tiered profits tax rates system in Hong Kong for the years of assessment commencing on or after 1 April 2018, under which the profits tax rate applicable to the first HK\$2 million of assessable profits of corporations and unincorporated businesses would be lowered to 8.25 per cent. and 7.5 per cent. respectively, subject to certain exceptions. Any assessable profits beyond the first HK\$2 million would be subject to a profits tax at the rate of 16.5 per cent. for corporations and 15 per cent. for unincorporated businesses (collectively, the “**Two-Tiered Profits Tax Rates Regime**”).

Notwithstanding the general rules as described above, the Inland Revenue (Profits Tax Exemption for Funds) (Amendment) Ordinance 2019 (the “**Fund Profits Tax Exemption Ordinance**”), which is effective for transactions occurring on or after 1 April 2019, introduces a profits tax exemption regime that allow “funds” to benefit from profits tax exemption upon meeting the relevant definition and certain qualifying conditions .

Under the Fund Profits Tax Exemption Ordinance, a “fund” may enjoy profits tax exemption regardless of its structure, size or location of its central management and control. In addition, where a “fund” qualifying tax-exemption carries out a transaction which does not qualify for tax exemption, this would not taint or impact the tax exemption status of other qualifying transactions of the “fund”.

Under the Fund Profits Tax Exemption Ordinance, the definition of a “fund” is largely similar to that of a “collective investment scheme” under Part 1 of Schedule 1 to the Securities and Futures Ordinance with certain amendments. Broadly, the definition of “fund” under the Fund Profits Tax Exemption Ordinance is an arrangement in respect of any property which:

- (a) either (i) the property is managed as a whole by, or on behalf of, the person operating the arrangement; and/or (ii) the contributions of the participating persons and the profits or income from which payments are made to them, are pooled under the arrangement; and
- (b) the participating persons do not have day-to-day control over the management of the property; and

- (c) the purpose or effect of the arrangement is to enable the participating person, whether by acquiring any right, interest, title or benefit in the property or any part of such property or otherwise, to participate in or receive
  - i. 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
  - ii. a payment or other returns arising from the acquisition, holding or disposal of, the exercise of any right in, the redemption of, or the expiry of, any right, interest, title or benefit in the property or any part of the property.

However, a “fund” does not include, amongst others:

- (a) business undertakings for general commercial or industrial purpose;
- (b) arrangements in which each of the participating persons in the arrangement is a corporation in the same group of companies as the operator of the arrangement;
- (c) arrangements in which each of the participating persons is
  - (i) a bona fide employee or former employee of the same corporate group as the operator of the arrangement; or
  - (ii) a spouse, widow, widower, minor child (natural or adopted) or minor step-child of such employee or former employee.

Under the Fund Profits Tax Exemption Ordinance, profits of a “fund” derived from transactions in “qualifying assets” (“qualifying transactions”) (as defined below) and transactions incidental thereto (“incidental transactions”, which does not exceed 5 per cent. of the total trading receipts from such qualifying transactions and incidental transactions) carried out or arranged by a “specified person” (i.e. an authorised financial institution registered with the Hong Kong Securities and Futures Commission or a corporation licensed under the SFO for carrying on a business in any regulated activity within the meaning of the SFO) are exempt from profits tax. If the “fund” is a “qualified investment fund” (as defined below), it can qualify for profits tax exemption even if its transactions are not carried out through or arranged by a “specified person”.

“Qualified investment fund” means a fund in relation to which

- (a) At all times after the final closing of sale of interests:
  - (i) the number of investors (other than the originator or the originator’s associates) exceeds 4; and
  - (ii) the capital commitments made by investors (other than the originator or the originator’s associates) exceed 90% of the aggregate capital commitments; and
- (b) An agreement governing the operation of the fund provides that not more than 30% of the net proceeds arising out of the transactions of the fund are to be received by the originator and the originator’s associates, after deducting the portion attributable to their capital contributions (which is proportionate to that attributable to the investors’ capital contributions).

“Qualifying transactions” are transactions in assets of a class specified in Schedule 16C to the IRO which may be amended from time to time and currently include (i) securities; (ii) shares, stocks, debentures, loan stocks, funds, bonds or notes of, or issued by, a private company (whether incorporated in or outside Hong

Kong, if certain tests are satisfied in good faith); (iii) futures contracts; (iv) foreign exchange contracts; (v) deposits other than those made by way of a money-lending business; (vi) bank deposits; (vii) certificates of deposits; (viii) exchange-traded commodities; (ix) foreign currencies; (x) over-the-counter derivative products; and (xi) an investee company's shares co-invested by a partner fund and Innovation and Technology Venture Fund Corporation under the Innovation and Technology Venture Fund Scheme.

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

- (a) is wholly or partially owned by a "fund";
- (b) is established solely for the purpose of holding (whether directly or indirectly) and administering one or more investee private companies;
- (c) is incorporated, registered or appointed in or outside Hong Kong;
- (d) does not carry on any trade or activities except for the purpose of holding (whether directly or indirectly) and administering one or more investee private companies; and
- (e) is not itself a fund or an investee private company.

Under the Fund Profits Tax Exemption Ordinance, there are certain anti-avoidance measures in place in respect of investments in private companies (where applicable) by a "fund" and its "SPEs" and any interposed SPEs which must be met in order to enjoy the profits tax exemptions as follows:

- (a) the private company must not directly or indirectly hold more than 10 per cent. of the aggregate value of its assets in (i) immovable property (other than infrastructure) in Hong Kong; or (ii) share capital (however described) in another private company that holds (whether directly or indirectly) immovable property (other than infrastructure) in Hong Kong; and
- (b) the investment in the private company must have been held by the "fund" for at least two years; or where the investment in the private company has been held by the "fund" for less than two years (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 (i.e. assets that is of a class not specified in Schedule 16C to the IRO, not immovable property in Hong Kong and has been held by such private company for less than three consecutive years before the date of disposal of such private company).

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

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

If the Company acquires or disposes of any "Hong Kong stock" (as defined under the Hong Kong Stamp Duty Ordinance ("SDO") as "stock" the transfer of which is required to be registered in Hong Kong), Hong Kong stamp duty will generally be imposed at the current rate of 0.26 per cent. on the stated consideration or fair market value of the stock, whichever is higher, plus a fixed duty of HK\$5 on the instrument of transfer. The purchaser and seller are each liable for one-half of the amount of Hong Kong stamp duty chargeable upon such transfer (i.e. 0.13 per cent. each).

### The Shareholders

For Shareholders where the interests in the Company represent capital assets to them for Hong Kong profits tax purposes, gains arising from the sale or other disposal of the interest in the Company should be capital in nature and not taxable. For Shareholders carrying on a trade, profession or business in Hong Kong and

who also invest in securities for trading purposes (e.g. dealers in securities, financial institutions, insurance companies), such gains may be considered to be part of the Shareholders' normal business profits rather than capital gains and hence, and in such circumstances may be subject to Hong Kong profits tax (which is currently charged at the rate of up to 16.5 per cent. for corporations, and up to 15 per cent. for unincorporated businesses) if the gains in question arise in or are derived from Hong Kong. Please note that the Two-Tiered Profits Tax Rate Regime may apply to the abovementioned profit tax rates for calculating profits tax payable by any Shareholder.

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

Under the Fund Profits Tax Exemption Ordinance, there are certain anti-avoidance provisions (the "**Deeming Provisions**") which deem certain Hong Kong residents to have derived assessable profits from a "fund" notwithstanding that the fund and/ or the SPE itself/themselves is/are tax exempt under the Fund Profits Tax Exemption Ordinance and no distributions have been made by the "fund". These Deeming Provisions may apply, *inter alia*, (i) where the Hong Kong resident, alone or jointly with its "associates" (as defined in the Fund Profits Tax Exemption Ordinance), holds directly or indirectly 30 per cent. or more of the beneficial interest in the "fund" and/or the SPE (which is/are exempted from Hong Kong profits tax under the Fund Profits Tax Exemption Ordinance); or (ii) where such Hong Kong resident is an "associate" (as defined in the Fund Profits Tax Exemption Ordinance) of the "fund" and/or the SPE (which is/are exempted from Hong Kong profits tax under the Fund Profits Tax Exemption Ordinance) (irrespective of the percentage holding of the beneficial interest in the fund and/or the SPE). Should the Deeming Provisions apply, the Hong Kong resident would be obliged to report and be subject to Hong Kong profits tax under the Deeming Provisions on a deemed basis in respect of its share of the tax exempt profits in the "fund" or the SPE concerned. The Deeming Provisions would generally not apply if the "fund" is regarded as being bona fide widely held. Shareholders should seek their own independent Hong Kong tax advice on this issue.

Hong Kong stamp duty will not be imposed in respect of the issuance or a redemption of Participating Shares by the Company. There should be no charge to Hong Kong stamp duty on the transfer or disposal of the Participating Shares on the basis that the share registers of the Company are maintained outside Hong Kong and the Participating Shares in the Company should therefore not constitute "Hong Kong stock" for the purposes of the SDO.

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

### ***Other Jurisdictions***

It is possible that certain dividends, interest and other income received by the Company from sources within certain countries will be subject to withholding taxes imposed by such countries. In addition, the Company may also be subject to capital gains taxes or other taxes in some of the countries where it purchases and sells securities or otherwise conducts business. It is impossible to predict the rate of tax that the Company will pay in advance since the amount of the Company's assets to be invested in various countries is not known.

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## 10. CHARGES AND EXPENSES

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### *Manager's Fees*

#### Management Fee

The Manager is entitled to receive an annual management fee in respect of each Class of Participating Shares, calculated as a percentage of the Net Asset Value of the relevant Class of Participating Shares (before deduction of any accrued management fee and performance fee) as at each Valuation Point and payable monthly in arrears.

The rate of management fee payable in respect of each Class of Participating Shares is as follows:

<b>Class of Participating Shares</b>	<b>Management Fee (per annum)</b>
Class A Participating Shares	2%
Class B Participating Shares	0%

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

#### Performance Fee

No performance fee will be levied to Class B Participating Shares.

In respect of Class A Participating Shares, the Manager will be entitled to receive a performance fee from the Company calculated and accrued as at each Valuation Point and payable annually in arrears. In order to ensure that Shareholders bear the performance fee according to the actual performance of their investment, a separate Series of Participating Shares in a Class will be issued on each Subscription Day and the performance fee payable will be calculated by reference to the increase in the Net Asset Value per Participating Share of the relevant Series. The performance fee for each Series of a Class will be calculated in respect of each period of one year ending on 31 December in each year (each a “**Performance Period**”). The first Performance Period of the relevant Class is the period commencing on the Business Day immediately following the close of the Initial Offer Period for that Class and ending on 31 December of the same calendar year. The performance fee for each Series will be paid within 15 calendar days after the end of the said Performance Period or, where Participating Shares are redeemed part way through a Performance Period, the performance fee payable in respect of the Participating Shares redeemed will be calculated as at the Valuation Point relating to the Redemption Day on which the Participating Shares were redeemed and paid as soon as practicable thereafter. A transfer of Participating Shares will, unless the Directors agree otherwise, be treated as a redemption by the transferor and a subscription by the transferee as at the Valuation Point coincident with or immediately preceding such transfer and accordingly will result in a crystallisation of the performance fee.

For each Performance Period, the performance fee in respect of each Participating Share of any Series of a Class shall be an amount equal to the percentage, as set out in the table below, of the “Net New Profits” (as defined below) of the relevant Series.

<b>Class of Participating Shares</b>	<b>Performance Fee</b>
Class A Participating Shares	20% per annum
Class B Participating Shares	0% per annum

In the event that the Net Asset Value per Participating Share of the relevant Series falls subsequent to the payment of a performance fee, no further performance fee will be paid until the Net Asset Value per Participating Share of the relevant Series exceeds the “High Water Mark” (as defined below).

For this purpose:

- (1) “**Net New Profits**”, in relation to a Participating Share of any Series of a Class, is the amount by which the Net Asset Value of such Participating Share as of the end of a Performance Period, adjusted as may be appropriate for any distributions made during the Performance Period in question, exceeds the High Water Mark applicable to such Participating Share; and
- (2) “**High Water Mark**” in respect of a Participating Share of any Series is the higher of:
  - (i) the Subscription Price of the relevant Participating Share when it was issued; and
  - (ii) the highest Net Asset Value per Participating Share of that Series achieved as of the last Valuation Point in the last Performance Period in respect of which a performance fee was charged (if any).

As soon as practicable after the last Valuation Day in a Performance Period, all Participating Shares in all Series of a Class which shall have borne a performance fee in respect of the relevant Performance Period will normally be consolidated into a single Series, being the oldest Series of the Participating Shares of the relevant Class to have borne a performance fee in respect of the relevant Performance Period and the High Water Mark for all Participating Shares of the consolidated Series will be the Net Asset Value per Participating Share of the consolidated Series as at the last Valuation Point of the relevant Performance Period, after payment of the performance fee.

If the Management Agreement is terminated the performance fee in respect of the then current Performance Period will be calculated as though the date of termination were the end of the relevant Performance Period.

The Manager is also entitled to receive a management fee and a performance fee with respect to any Designated Investments (as described above in the section headed “5. Investing in the Company - Designated Investments”). Where the Company issues Designated Investment Shares to investors in exchange for certain of their Participating Shares of a Class, the value of the Designated Investment Shares will be excluded in calculating the Performance Fee (if any) payable to the Manager in respect of the relevant Class of Participating Shares. Please also refer to the section headed “6. Risk Factors - Designated Investments”.

### General

The Manager and/or the Company may enter into side letter arrangements with investors granting an investor preferred economic and other terms as compared to other Shareholders. The Manager reserves the right to waive or rebate any fees to which it is entitled, whether in part or in full and whether in respect of particular investors or generally.

### ***Prime Brokerage Fees***

Each Prime Broker will be entitled, in its capacity as Prime Broker, to interest on any advances which it makes to the Company and such fees as may be agreed with the Company from time to time in relation to any other facilities the Prime Broker provides to the Company. Each Prime Broker may charge additional fees for acting as custodian of the assets that it holds as prime broker or sub-custodian of the Company.

### ***Administrator’s Fees***

The Company will pay a fee for administration services at rates agreed with the Administrator from time to time.

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

The Administrator and the Sub-Administrator will share the fees paid by the Company for administrative services.

### ***General Expenses***

The preliminary expenses of the Company (including fees in connection with the incorporation of the Company in the Cayman Islands, registration fees payable fees by the Company and/or the Directors (to the extent attributable to their directorship of the Company) to the Monetary Authority (“**Registration Fees**”), the costs incurred in connection with the preparation and execution of the material contracts referred to below in the section headed “13. General Information”, the preparation of this Placing Memorandum, and all initial legal and printing costs are being borne by the Company and to be amortised over the first five financial years of the Company commencing on the first day following the close of the Initial Offer Period or such other period as the Directors may determine. As of the date of this Placing Memorandum, the unamortised portion of the expenses is approximately US\$33,605.74 and will be amortised over the rest of such amortisation period. If a Shareholder redeems all or a portion of the Shareholder’s Participating Shares prior to the end of the amortisation period, the Company may, but is not required to, accelerate a proportionate share of the unamortised organisational expenses based upon amounts being redeemed and reduce the redemption proceeds payable to the relevant Shareholder by the amount of such accelerated expenses. Investors should note that under IFRS, establishment expenses should be expensed as incurred and that amortisation of the expenses of establishing the Company is not in accordance with IFRS. However, the Directors of the Company have considered the impact of such non-compliance and have considered that it will not have a material impact on the financial statements of the Company. In the event that the impact is material, the Directors may make necessary adjustments in the annual financial statements for the Company to be in compliance with IFRS.

The Company will also bear, *inter alia*, the cost of all brokerage (if any) payable on the purchase or sale of investments, expenses relating to short sales, clearing and settlement charges, custodial and depository fees, bank service fees, interest on borrowings and fees in respect thereof, fees payable in the Cayman Islands on increases in the share capital of the Company, the annual company registration fee payable in the Cayman Islands, ongoing Registration Fees, the reasonable travel and per diem expenses of the Directors and Directors’ fees (if applicable), the fees and expenses of the auditors, legal advisers and other professional advisers to the Company, the cost of any liability insurance taken out by the Company in respect of the Directors and officers, the cost of printing and distributing its financial reports and statements and all other operating and administrative expenses. The expected fee for each Director will be approximately US\$20,000 per year. As at the date of this Placing Memorandum, Fan ZHANG has waived his entitlement to receive a Director’s fee. The director fee arrangements may, subject to the provisions of the Articles, be increased or otherwise varied by the Company from time to time.

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

The fees payable to the Manager are set out above. Each of the other service providers appointed or to be engaged by the Company is or will be compensated for their services on a commercial arms’ length basis at market rates pursuant to the terms of the respective service agreements entered into between/among the service provider, the Company and/or the Manager.

### *Changes to Fees*

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

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

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

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

The Manager and/or any company associated with either of them (“**the first party**”) reserves the right to effect transactions by or through the agency of another party (“**the second party**”) with whom the first party has an arrangement under which the second party will from time to time provide to or procure for the first party goods, services or other benefits (such as research and advisory services, and computer hardware associated with specialised software or research services and performance measures) the nature of which is such that their provision can reasonably be expected to benefit the Company as a whole and may contribute to an improvement in the performance of the Company or of the first party in providing services in relation to the Company and for which no direct payment is made but instead the first party undertakes to place business with the second party. For the avoidance of doubt, such goods, services or other benefits do not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employee salaries or direct money payments to the Manager and/or any company associated with either of them.

### *Trade Errors*

The Manager will seek to detect trade errors prior to settlement and promptly correct and mitigate any trade error losses. The Manager will evaluate each trade error. Any losses arising from the trade errors will generally be for the account of the Company. However, to the extent it is determined by the Manager that any losses have arisen from a trade error caused by the fraud, bad faith, wilful default or negligence of the Manager, the Company will be reimbursed by the Manager. To the extent that a trade error is caused by a counterparty of the Company, such as a broker or agent, the Manager will use commercially reasonable efforts to seek to recover any related trade error losses from such counterparty on behalf of the Company. The Manager in its sole discretion may offset any trade error income with trade error losses.



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## 11. VALUATION AND PRICES

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### *Calculation of Net Asset Value*

The value of the net assets of the Company (excluding any Designated Investments) will be determined by the Administrator as at the Valuation Point relating to each Valuation Day and as at such other times as the Directors may from time to time determine. Such determination will be made in accordance with the Articles and the valuation policy adopted by the Directors and summarised in this Placing Memorandum and the Articles, which together provide (inter alia) that:-

- (a) the value of any cash on hand or on deposit, bills, demand notes, accounts receivable, prepaid expenses, cash dividends and interest declared or accrued and not yet received shall be deemed to be the full amount thereof unless the Directors shall have determined that any such deposit, bill, demand note or account receivable is not worth the full amount thereof in which event the value thereof shall be deemed to be such value as the Directors shall deem to be the reasonable value thereof;
- (b) except in the case of any interest in a unit trust, mutual fund corporation, open-ended investment company or any other similar open-ended investment vehicle (a “**managed fund**”) to which paragraph (c) applies and subject as provided in paragraphs (d) and (e) below, all calculations based on the value of investments quoted, listed, traded or dealt in on any stock exchange, commodities exchange, futures exchange or over-the-counter market shall be made by reference to the close price on the principal exchange or market for such investments as at the close of business in such place on the day as of which such calculation is to be made; and where there is no stock exchange, commodities exchange, futures exchange or over-the-counter market all calculations based on the value of investments quoted by any person, firm or institution making a market in that investment (and if there shall be more than one such market maker then such particular market maker as the Directors may designate) shall be made by reference to the mean of the latest bid and asked price quoted thereon by such person; provided always that if the Directors in their discretion consider that the prices ruling on an exchange or market other than the principal exchange or market provide in all the circumstances a fairer criterion of value in relation to any such investment, they may adopt such prices;
- (c) subject as provided in paragraphs (d) and (e) below, the value of each interest in any managed fund which is valued as at the same day as the Company shall be the net asset value per unit, share or other interest in such managed fund calculated as at that day or, if the Directors so determine or if such managed fund is not valued as at the same day as the Company, the last published net asset value per unit, share or other interest in such managed fund (where available) or (if the same is not available) the last published redemption or bid price for such unit, share or other interest;
- (a) subject to paragraph (f) below, if no net asset value, bid, redemption and asked prices or price quotations are available as provided in paragraphs (b) or (c) above, the value of the relevant asset shall be determined from time to time in such manner as the Directors shall determine;
- (e) for the purpose of ascertaining quoted, listed, traded or market dealing prices, the Directors, the Administrator or their agents shall be entitled to use and rely upon mechanised and/or electronic systems of valuation dissemination with regard to valuation of investments of the Company and the prices provided by any such system shall be deemed to be the close prices for the purpose of paragraph (b) above;
- (f) interest-bearing securities which are not quoted, listed, traded or dealt in on any stock exchange, commodities exchange, futures exchange or over-the-counter market shall be valued at cost plus accrued interest; and
- (g) any value (whether of a security or cash) otherwise than in the Base Currency shall be converted into the Base Currency at the rate (whether official or otherwise) which the Directors shall in their

absolute discretion deem appropriate to the circumstances having regard, inter alia, to any premium or discount which they consider may be relevant and to costs of exchange.

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

Notwithstanding the abovementioned provisions, the Directors may, at their absolute discretion, permit some other method of valuation to be used if they consider that such valuation better reflects the fair value of any asset or liability of the Company or if they consider that the above does not prescribe a suitable methodology for the valuation of the same.

For the avoidance of doubt, Designated Investments shall be valued separately from all other assets of the Company and the Designated Investment NAV shall not be included in determining either the Net Asset Value of the Company, or the Subscription Price or Redemption Price, as the case may be, of the Participating Shares (other than the Designated Investment Shares). The Designated Investment NAV shall be calculated using the valuation methods set out above, to the extent possible. Otherwise Designated Investment NAV shall be the fair value of the relevant Designated Investments, as determined by the Directors in good faith in their sole discretion.

Notwithstanding the above, for the avoidance of doubt, the total assets of the Company (net of liabilities) would include the Designated Investment NAV.

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

Subject as otherwise required by IFRS, securities will be valued by giving priority to unadjusted market prices and, for hard-to-value securities, priority will be given to valuation inputs that are directly observable (i.e. those derived from market data, including publicly available information about events and transactions or reflective of assumptions that market participants would use) with the lowest priority being given to inputs that are unobservable (i.e. where market data is not available regarding the assumptions that market participants would use).

Pricing models may be used to determine a fair value for hard-to-value securities. To the extent pricing models are used, all information which is reasonably available at the relevant Valuation Day that would be considered by a market participant in the application of such model will be taken into account but neither the Company, the Manager nor the Administrator need undertake exhaustive efforts to obtain that information.

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

The Manager may be involved in the pricing of the assets and liabilities of the Company. The Directors and/or the Manager (to the extent not contrary to any laws and regulations applicable to the Directors or the Manager) may calculate or assist in the calculation of the Net Asset Value of the Company and/or the Designated Investment NAV, as the Directors and/or the Manager are best placed to provide information given their knowledge and skills in assessing values of the relevant assets and liabilities. To the extent that the Manager is involved in pricing of the assets of the Company and/or the calculation of the Net Asset Value of the Company and/or the Designated Investment NAV, the Manager has a conflict of interest because valuations directly impact the management fee and performance fee payable to the Manager.

Whenever prices are provided or sourced by the Directors or the Manager, the Directors or the Manager will provide any supporting information that is used to determine the prices to the Administrator and the Administrator must take steps that are reasonable and proportionate to the risk of material error or bias to verify the facts on which the prices are determined and the appropriateness of the provided price to the extent reasonably possible; however it is acknowledged that in the context of hard-to-value assets it is not reasonably possible for the Administrator to verify prices provided to it by the Directors or the Manager due to the inherent nature of the price and the asset.

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

### ***Suspension***

The Directors may at any time and from time to time suspend the calculation of the Net Asset Value of the Company, the Net Asset Value of any Class of Participating Shares, the Net Asset Value per Participating Share of any Class, the issue of Participating Shares, the redemption of Participating Shares, the switching of Participating Shares (if permitted) and/or the payment of the Redemption Price for the whole or any part of a period during which the Participating Shares of any Class may not be either valued or sold in a prudent and orderly manner or at a reasonable price and, without limitation, in any of the following circumstances:-

- (a) during which any stock exchange, commodities exchange, futures exchange or over-the-counter market on which any significant portion of the investments of the Company is listed, quoted, traded or dealt in is closed (other than customary weekend and holiday closing) or trading on any such stock exchange or market is restricted or suspended;
- (b) when circumstances exist as a result of which in the opinion of the Directors it is not reasonably practicable for the Company to dispose of investments or as a result of which any such disposal would be materially prejudicial to Shareholders;
- (c) when a breakdown occurs in any of the means normally employed in ascertaining the value of investments or the Net Asset Value or the Subscription Price or Redemption Price per Participating Share or when for any other reason the value of any of the investments or other assets of the Company or the Net Asset Value or the Subscription Price or Redemption Price per Participating Share of any Class or Series cannot in the opinion of the Directors reasonably or fairly be ascertained or cannot be ascertained in a prompt and accurate manner;
- (d) during which the Company is unable to repatriate funds for the purpose of making payments on the redemption of Participating Shares or during which any transfer of funds involved in the realisation or acquisition of investments or payments due on redemption of Participating Shares cannot in the opinion of the Directors be effected at normal rates of exchange;

- (e) during which the business operations of the Manager, the Administrator or their delegates in respect of the Company are substantially interrupted or closed as a result of or arising from pestilence, acts of war, terrorism, insurrection, revolution, civil unrest, riot, strikes or acts of God;
- (f) when in the opinion of the Directors such suspension, delay or extension is required by law or applicable legal process or the issue, redemption or transfer of Participating Shares would result in the violation of any applicable law;
- (g) where the Company is invested in one or more managed funds, and the redemption of interests in a relevant managed fund is suspended or restricted;
- (h) where the Company has issued or is expected by the Directors to issue within the next 60 days a notice to convene an extraordinary general meeting of the holders of one or more Classes of Participating Shares; or
- (i) during a Soft Wind-Down of the Company as described under the section, “3. *Investment Consideration - Investment Objective and Strategy*”.

In addition, and without limitation to the Directors’ general powers of suspension, the Directors, in order to facilitate the liquidation of investments during the period commencing from the date of a Key Person Event up to the Key Person Redemption Day (the “**Special Liquidation Period**”), may, during the Special Liquidation Period, suspend the determination of the Net Asset Value of the Company, the allotment or issue of the Participating Shares, and/or in respect of redemption requests received by the Company after the Special Redemption Deadline and up to the Key Person Redemption Day (the “**Relevant Redemptions**”), the redemption of Participating Shares, and/or extend the period for the payment of realisation moneys in respect of the Relevant Redemptions. Any Relevant Redemptions that have been suspended as aforementioned shall be effected on the Redemption Day next following the Key Person Redemption Day, subject to the provisions on redemption set out in this Placing Memorandum. Please refer to the section headed “4. *Management and Administration - Key Person Event*” above for further details of the steps which would be taken following the occurrence of a Key Person Event.

During such a period of suspension –

- (A) where the suspension is in respect of the determination of the Net Asset Value, there shall be no determination of the Net Asset Value (although an estimated Net Asset Value may be calculated and published) and any application for issue or request for redemption of Participating Shares shall be similarly suspended;
- (B) where the suspension is in respect of the allotment or issue of Participating Shares and/or the redemption of Participating Shares, then there shall be no allotment, issue and/or redemption of Participating Shares. For the avoidance of doubt, the allotment issue of redemption of Participating Shares may be suspended without suspending the determination of the Net Asset Value.

Any such suspension shall take effect at such time as the Directors shall declare but not later than the close of business on the Business Day next following the declaration, and shall remain in effect until the Directors shall declare the suspension to be at an end, except that such suspension shall terminate in any event on the first Business Day on which both the condition giving rise to the suspension shall have ceased to exist, and no other condition under which suspension is authorised shall exist.

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

All reasonable steps will be taken to bring any period of suspension to an end as soon as possible. Any period of suspension effected under paragraph (h) above will be lifted after the holding of the relevant extraordinary general meeting (or any adjourned extraordinary general meeting, if applicable).

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

### ***Subscription and Redemption Prices***

The Subscription Price of each Participating Share in each new Series of a Class for any Subscription Day for subscriptions shall be US\$1,000.

The Redemption Price of each Participating Share of a particular Series for any relevant Redemption Day will, subject as provided below, be determined in accordance with the provisions of the Articles. In calculating the Redemption Price of a Participating Share of a Class of a Series, the Net Asset Value of such Class of such Series as at the Valuation Point relating to relevant Valuation Day will be divided by the number of Participating Shares of the relevant Class of the relevant Series then in issue, the resulting amount being rounded to the nearest cent (0.5 of a cent being rounded up), or such other decimal place(s) as the Directors may determine from time to time.

The Directors may, when determining the Redemption Price of a Participating Share of a Series, deduct for the account of the Company from the Net Asset Value per Participating Share of the relevant Series (before making any rounding adjustment) an amount which they consider to be an appropriate allowance to reflect (a) the difference between the close price (or the mean between the last available bid and asked prices) of the investments of the Company and the latest available bid price of such investments, and (b) all stamp and other duties, taxes, governmental charges, brokerage, bank charges, transfer fees and registration fees which would be incurred for the account of the Company in realising assets or closing out positions to provide funds to meet any redemption request.

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

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## 12. POTENTIAL CONFLICTS OF INTEREST

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The Directors, the Manager and other Service Providers may from time to time act as directors, administrator, registrar, secretary, manager, custodian, broker, prime broker, investment manager or investment adviser or carry out other functions as may be required from time to time in relation to, or be otherwise involved in or with, other funds and clients which have similar investment objectives to those of the Company. It is, therefore, possible that any of them may, in the course of business, have actual or potential conflicts of interest with the Company. Each will, at all times, have regard in such event to its obligations to the Company and will endeavour to ensure that such conflicts are managed and minimised so far as reasonably practicable and that measures are adopted that seek to ensure such conflicts are resolved fairly, taking into account the interests of Shareholders as a whole, except that the Directors shall at all times (in fulfilling their fiduciary duties towards the Company) act in the best interests of the Company. By acquiring Participating Shares, each Shareholder will be deemed to have acknowledged the existence of any such actual or potential conflicts of interest and to have waived any claim with respect to any liability arising from the existence of any such conflict of interest.

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

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

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

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

of the Manager and its affiliates may hold and deal in Participating Shares or in investments held by the Company either for their own account or for the account of their clients.

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

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

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

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

The Manager may be involved in pricing of the assets of the Company and/or the calculation of the Net Asset Value. To the extent that the Manager is so involved, the Manager has a conflict of interest because valuations directly impact the management fee and performance fee payable to the Manager.

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

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## 13. GENERAL INFORMATION

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### *The Company*

The Company was incorporated in the Cayman Islands on 28 September 2020 with unlimited duration, as a Cayman Islands exempted company with limited liability. The Company will be terminated, wound up and dissolved in accordance with the Articles or otherwise pursuant to a formal liquidation under the Companies Act or any other applicable bankruptcy or insolvency regime. Copies of the Memorandum and Articles of the Company, together with copies of the Company's annual or periodic reports as detailed in this Placing Memorandum, are available upon request from the Manager and, upon reasonable notice, may be inspected at the offices of the Manager. The Company will not generally issue any certificates in respect of its Participating Shares and the Participating Shares are not expected to be listed on any stock exchange.

### *Material Contracts*

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

- (a) an agreement entered into between the Company and the Manager pursuant to which the Manager was appointed, subject to the overall supervision of the Directors, to manage the Company's investments and affairs, with powers of delegation, as may be amended or supplemented from time to time (the "**Management Agreement**");
- (b) an agreement entered into between the Company and the Administrator, pursuant to which the Administrator was appointed to act as the administrator, registrar, secretary and transfer agent of the Company and to provide certain administrative services to the Company, as may be amended or supplemented from time to time (the "**Administration Agreement**");
- (c) an agreement entered into between the Company and MS pursuant to which MS was appointed to act as prime broker in relation to the Company, as may be amended or supplemented from time to time (the "**MS Prime Brokerage Agreement**");
- (d) an agreement entered into between the Company and GS pursuant to which GS was appointed to act as prime broker in relation to the Company, as may be amended or supplemented from time to time (the "**GS Prime Brokerage Agreement**"); and
- (e) an agreement entered into between the Company and UBS pursuant to which UBS was appointed to act as prime broker in relation to the Company, as may be amended or supplemented from time to time (the "**UBS Prime Brokerage Agreement**").

### *Inspection of Documents*

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

- (a) the Memorandum and Articles of Association of the Company;
- (b) the agreements referred to above under the heading "*13. General information - Material Contracts*" (provided that certain of the agreements may be subject to confidentiality provisions and the contracting parties to such agreements may have the absolute discretion to withhold information which is in their opinion confidential to their business or otherwise not appropriate to disclose; in such circumstances, the Directors may be prevented from making such agreements available to Shareholders on request); and
- (c) the Companies Act (As Revised) of the Cayman Islands.



## *Memorandum of Association*

The Memorandum of Association of the Company provides that the Company's objects are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by any law of the Cayman Islands.

## *Articles of Association*

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

The Articles provide, inter alia, as follows.

### Termination

The Company may be wound up by a special resolution of the holders of Management Shares. On a winding up, the Participating Shares and Management Shares carry a right to a return of the nominal amount paid up thereon. In addition, Participating Shares carry an exclusive right to share, *pari passu inter se*, in surplus assets remaining after the return of the nominal amount paid up on the Participating Shares and the Management Shares held (subject to a deduction from those Participating Shares in respect of which there are monies due, of all monies due to the Company for unpaid calls, or otherwise).

The Directors may also present a winding up petition on behalf of the Company without the prior approval of a resolution of the holders of Management Shares passed at general meeting.

The Directors may compulsorily redeem all outstanding Participating Shares (other than Designated Investment Shares) if the Net Asset Value of the Company (excluding the Designated Investment NAV) falls below US\$5,000,000.

### Quorum; Voting rights

- (a) Every holder of a Management Share shall be entitled to receive notice of, attend, speak and vote at general meetings of the Company. On a poll, every holder of a Management Share present in person or by proxy or by authorised representative shall have one vote (or a fraction thereof) for every Management Share (or fraction thereof) of which he is the registered holder.
- (b) The quorum requirements are as set out in the Articles. Since there is currently only one holder of Management Shares on record, such holder shall be a quorum at any general meeting.
- (c) Subject to the Companies Act and the Articles, the Articles may be altered or added to by special resolution passed by the holder of the Management Shares.
- (d) Only Management Shares carry voting rights at general meetings of the Company. The holders of Participating Shares shall not be entitled to receive notice of, attend, speak or vote at general meetings of the Company, but may vote at a separate Class meeting convened in accordance with the Articles and as detailed below.

### Variation of Share Rights

The Articles provide that, subject to the Companies Act, the Articles, and any Application Form all or any of the class rights or other terms of offer whether set out in this Placing Memorandum, any Application

Form or otherwise (including any representations, warranties or other disclosure relating to the offer or holding of Participating Shares) (collectively referred to as “**Share Rights**”) for the time being applicable to any Class or Series of Participating Shares in issue (unless otherwise provided by the terms of issue of those Participating Shares) may (whether or not the Company is being wound up) be varied without the consent of the holders of the issued Participating Shares of that Class or 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 Class or Series of Participating Shares, or with the approval 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 Participating Shares. To any such meeting all the provisions of the Articles as to general meetings shall mutatis mutandis apply but so that any holder of a Participating Share present in person or by proxy may demand a poll, and the quorum for any such meeting shall be the Shareholders holding not less than 20 per cent. by par value of the issued Participating Shares of the relevant Class or Series. At any Class meeting, the voting rights attributable to each Participating Share shall be calculated by reference to the Net Asset Value per Participating Share (calculated as at the most recent Valuation Day) and not on the basis of one Participating Share, one vote.

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 Participating Shares. Each subscriber for Participating Shares will be required to agree that the terms of offer set out in the applicable Application Form and the rights attaching to the Participating Shares can be varied in accordance with the provisions of the Articles.

For the avoidance of doubt, any changes to any of the following terms or features of the Company shall not constitute a variation of Share Rights:

- (A) changes (including any increases reduction or waiver) to the management fee, the performance fee, or any other fees or charges payable by or on behalf of the Company or Shareholder, provided that for the purposes of the foregoing, any increases to the management fee and/or performance fee shall have been effected in accordance with the requirements set out in this Placing Memorandum;
- (B) the creation, allotment or issue of further Participating Shares ranking pari passu therewith and which may be issued with the benefit of the terms referred to below;
- (C) the purchase or redemption of any Participating Shares;
- (D) the exercise of the powers to allocate assets and charge liabilities to the various Separate Accounts or any of them and to transfer the same to and from the various Separate Accounts or any of them, as provided for in the Articles;
- (E) any reduction or waiver of any fees (including early redemption, management or performance fees) chargeable or allocable to any Class or Series of Participating Shares;
- (F) any reduction or waiver of any redemption notice, gate or lock-up period applicable to any Class or Series of Participating Shares;
- (G) changes to the dividend policy of the Company or any Class or Series;
- (H) changes to the investment objective, policy and restrictions made in accordance with this Placing Memorandum;
- (I) changes to the Subscription Day, Redemption Day, Valuation Day, Subscription Dealing Deadline and Redemption Dealing Deadline made in accordance with this Placing Memorandum; and
- (J) any variation or waiver contemplated by or provided for in this Placing Memorandum applicable to the relevant Class and/or Series.

### Directors

The holder of the Management Shares is entitled to by way of ordinary resolution appoint and remove the Directors. In addition, the Directors shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but so that the total number of Directors shall not at any time exceed any maximum number fixed by or in accordance with the Articles. The appointment of any Director so appointed by the Directors shall not be required to be confirmed or approved by the holder of the Management Shares.

### *Share Capital*

The authorised share capital of the Company is US\$50,000 being made up of 100 Management Shares with a par value of US\$0.01 each and 499,990,000 Participating Shares with a par value of US\$0.0001 each. The Management Shares may only be issued to the Manager and/or its affiliates, and enable all the Participating Shares to be redeemed without liquidating the Company. The Management Shares carry the right to return of the nominal amount paid up thereon on the winding up of the Company before the payment to the Shareholders of a sum equal to the nominal amount of the Participating Shares, and any balance thereafter shall be paid to the Shareholders in proportion to the Net Asset Value of Participating Shares held, subject to a deduction from those Participating Shares in respect of which there are monies due, of all monies due to the Company for unpaid calls, or otherwise.

All 100 Management Shares in issue in the capital of the Company are held by the Manager.

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

Prospective investors should note that there are no provisions under the laws of the Cayman Islands or under the Articles conferring pre-emption rights on Shareholders. The Articles provide that the unissued shares are at the disposal of the Directors who may offer, allot, issue, grant options or warrants over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as the Directors think fit.

The Company may by ordinary resolution increase its share capital, consolidate its shares or subdivide any of them into shares of a smaller amount or cancel authorised but unissued shares.

Subject to the provisions of Cayman Islands law and the rights of any holders of any class of shares, the Company may by special resolution reduce its share capital or any capital redemption reserve or share premium account.

The Articles provide that the Company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or (except only as otherwise provided by the Articles or as the Companies Act requires) any other right in respect of any share except an absolute right to the entirety thereof in each Shareholder registered in the register of members. Notwithstanding the foregoing, the Company shall be entitled to recognise any such interests as shall be determined by the Directors.

### *Separate Accounts*

The Directors shall have the power to establish and maintain, with respect to Participating Shares of any Class/Series, a Separate Account (as defined in the Articles), to record (purely as an internal accounting matter) the allocation, on a differentiated basis, of the assets and liabilities of the Company to the holders of Participating Shares of any such Class in a manner consistent with the methodology set forth in this Placing Memorandum and the rights otherwise attaching to the Participating Shares.

The proceeds from the issue of Participating Shares of any Class shall be applied in the books of the Company to the Separate Account established for Participating Shares of that Class. The assets and liabilities and income and expenditure attributable to that Separate Account shall be applied to such Separate Account and, subject to the provisions of the Articles, to no other Separate Account. In the event that the assets of a Separate Account referable to any Class or Series are exhausted, any and all unsatisfied claims which any Members (as defined in the Articles) or former Members referable to that Class or Series have against the Company shall be extinguished. The Members or former Members referable to a Class or Series shall have no recourse against the assets of any other Separate Account established by the Company unless otherwise set out in the Articles and/or this Placing Memorandum.

The Directors may from time to time transfer, allocate or exchange 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 form the opinion (in good faith) that the value in money or money's worth of each such asset or liability transferred, allocated or exchanged 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, allocated or exchanged except only as is otherwise provided by the Articles and/or this Placing Memorandum.

### ***Transfer of Participating Shares***

Participating Shares are transferable by instrument of transfer in any usual or common form in the Cayman Islands, or in any other form approved by the Directors, signed by (or, in the case of a transfer by a body corporate, signed on behalf of or sealed by) the transferor (and, if the Directors so require, the transferee) and registered in the register of members of the Company. The Directors may without any reason decline to register any transfer of Participating Shares, or any Participating Shares over which the Company has a lien and may also decline to register any instrument of transfer unless it is deposited with the Manager or such other person specified by the Directors or at such other place or places as the Directors may from time to time determine. The Directors may also decline to register any transfer of Participating Shares unless an application for the transfer of such Participating Shares is accompanied by such evidence as the Directors may reasonably require to show the transfer would not result in those shares being held by (a) any person who is not a Qualified Holder, (b) any person in breach of the law or requirements of any country, any governmental or other regulatory authority or any stock exchange on which any of the shares of the Company may be listed or (c) any person or persons in circumstances which, in the opinion of the Directors, might result in the Company incurring any liability to taxation or suffering any other pecuniary disadvantage which the Company might not otherwise have incurred or suffered. The Company, the Administrator and the Manager shall not be liable to the transferor or the transferee for any loss suffered by them as a result of the non-registration of the transfer. The Directors may suspend the registration of transfers for not more than a total of 30 days in any year. In the case of the death of any one of the joint Shareholders, the survivor or survivors will be the only person or persons recognised by the Company as having any title to the interest of the deceased joint Shareholder in the Participating Shares registered in the names of such joint Shareholders. There is no independent market for the purchase or sale of Participating Shares, and none is expected to develop.

### ***Restriction on Shareholders***

The Manager reserves the right to reject any application for Participating Shares in whole or in part for any reason. In particular, Participating Shares may not be offered or sold to any person other than a Qualified Holder. The Directors have the power to require the redemption or transfer of Participating Shares held by a person who is not a Qualified Holder, by any person who is holding Participating Shares in breach of any law or requirement of any jurisdiction or by any person in circumstances which, in the opinion of the Directors, might result in the Company, any Shareholder or any Service Provider (or any person connected with any of them) breaching any law or requirement of any jurisdiction, incurring any liability to taxation or suffering any other pecuniary disadvantage which the Company, the Manager, any Shareholder or any Service Provider (or any person connected with any of them) might not otherwise have incurred or suffered or which might subject the Company, the Manager, any Shareholder or any Service Provider (or any person connected with any of them) to regulation or a requirement to register or obtain any form of licence or approval in any jurisdiction.

### ***Side Letters***

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

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

Where the Company has granted preferential rights of redemption, the material terms relating to such preferential rights will be made available on request.

### ***“Master-feeder” Structure***

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

- (a) investors being issued shares in a separate Cayman Islands corporation (the “**Feeder Company**”) in compulsory exchange for their existing shares in the Company, and the Feeder Company being allocated shares in the Company (which would accordingly become the “**Master Company**”);
- (b) the Company transferring all of its portfolio assets to a separate Cayman Islands corporation (the “**Master Company**”), in exchange for the Company (which would accordingly become the “**Feeder Company**”) being allocated shares in the Master Company; or
- (c) any other means the Directors consider appropriate.

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

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

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

### ***Cayman Islands Regulation***

#### ***Registration under the Mutual Funds Act***

The Company is registered as a mutual fund pursuant to section 4(3) of the Mutual Funds Act and therefore is regulated as a mutual fund by the Monetary Authority.

As a section 4(3) mutual fund, the minimum initial investment purchasable by and investor is C\$80,000 (or its equivalent in another currency, approximately US\$100,000).

The Monetary Authority has supervisory and enforcement powers to ensure compliance with the Mutual Funds Act. Regulation under the Mutual Funds Act entails the filing of prescribed details and audited accounts annually with the Monetary Authority. As a regulated mutual fund, the Monetary Authority may at any time instruct the Company to have its accounts audited and to submit them to the Monetary Authority within such time as the Monetary Authority specifies. Failure to comply with these requests by the Monetary Authority may result in substantial fines on the part of the Directors and may result in the Monetary Authority applying to the court to have the Company wound up.

The Company will not, however, be subject to supervision in respect of its investment activities or the constitution of the Company's portfolio by the Monetary Authority or any other governmental authority in the Cayman Islands, although the Monetary Authority does have power to investigate the activities of the Company in certain circumstances. Neither the Monetary Authority nor any other governmental authority in the Cayman Islands has commented upon or approved the terms of this document or the merits of an investment in the Company. There is no investment compensation scheme available to investors in the Cayman Islands.

The Monetary Authority may take certain actions if it is satisfied that a regulated mutual fund is or is likely to become unable to meet its obligations as they fall due or 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. The powers of the Monetary Authority include the power to require the substitution of Directors, to appoint a person to advise the Company on the proper conduct of its affairs, and to appoint a person to assume control of the affairs of the Company. There are other remedies available to the Monetary Authority including the ability to apply to court for approval of other actions.

#### Application of Beneficial Ownership Regime

The Company is regulated as a mutual fund under the Mutual Funds Act and, accordingly, does not fall within the scope of the primary obligations under Part XVIIIA of the Companies Act (the “**Beneficial Ownership Regime**”). The Company is therefore not required to maintain a beneficial ownership register. The Company 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 Company; (ii) any person who is a member of the Company and who has the right to appoint and remove a majority of the board of directors of the Company; and (iii) any person who has the right to exercise, or actually exercises, dominant direct influence or control over the Company.

#### Cayman Islands Data Protection Act

The Cayman Islands Government enacted the Data Protection Act (As Revised) (the “**DPA**”) on 18 May 2017. The DPA introduces legal requirements for the Company based on internationally accepted principles of data privacy.

The Company has prepared a document outlining the Company's data protection obligations and the data protection rights of Shareholders (and individuals connected with Shareholders) under the DPA (the “**Fund Privacy Notice**”). The Fund Privacy Notice is contained within the Application Form and is available to existing Shareholders by investor bulletin.

Prospective investors should note that, by virtue of making investments in the Company and the associated interactions with the Company and its affiliates and/or delegates (including completing the Application Form, and including the recording of electronic communications or phone calls where applicable), or by virtue of providing the Company with personal information on individuals connected with the investor (for example directors, trustees, employees, representatives, shareholders, investors, clients, beneficial owners or agents) such individuals will be providing the Company and its affiliates and/or delegates (including, without limitation, the Administrator) with certain personal information which constitutes personal data

within the meaning of the DPA. The Company shall act as a data controller in respect of this personal data and its affiliates and/or delegates, such as the Administrator and the Manager, may act as data processors (or data controllers in their own right in some circumstances).

By investing in the Company and/or continuing to invest in the Company, investors shall be deemed to acknowledge that they have read in detail and understood the Fund Privacy Notice and that the Fund Privacy Notice provides an outline of their data protection rights and obligations as they relate to the investment in the Company. The Application Form contains relevant representations and warranties.

Oversight of the DPA is the responsibility of the Ombudsman's office of the Cayman Islands. Breach of the DPA by the Company could lead to enforcement action by the Ombudsman, including the imposition of remediation orders, monetary penalties or referral for criminal prosecution.

### *Non-Petition*

Each Shareholder will be required to agree that it shall not, under any circumstances, file a winding up petition on the just and equitable ground against the Company in the Grand Court of the Cayman Islands in connection with its investment in the Company or make any other equivalent application before the courts of any other jurisdiction.

### ***Amendment to Company Documents***

This Placing Memorandum may, without the consent of, and without prior notification to, Shareholders, be amended, supplemented or otherwise modified at any time as determined by the Directors subject to any applicable restrictions on such amendment, supplementation or modification contained in this Placing Memorandum or the Articles. Without limitation to the generality of the foregoing, the Directors are entitled, without the consent of, and without giving prior notification to, Shareholders, to amend, supplement or otherwise modify the existing provisions of this Placing Memorandum provided that any amendments to this Placing Memorandum in such connection will not, in the opinion of the Directors have a material adverse effect upon such Share Rights of the relevant Shareholders.

The Articles may also be amended so as to vary the Share Rights of Shareholders, including in certain circumstances without the consent of such Shareholders as described further in the section headed “13. *General Information - Variation of Share Rights*”.

### ***Enquiries***

Enquiries or complaints concerning the Company and the Participating Shares (including information concerning subscription and redemption procedures and current Net Asset Value) should be directed to the Manager, attention: Head of Investor Relations, at the address in the Directory above or to [justin.yin@stoneylakeasset.com](mailto:justin.yin@stoneylakeasset.com) and [ops\\_hk@stoneylakeasset.com](mailto:ops_hk@stoneylakeasset.com). The Manager will handle or channel to the relevant party any enquiries or complaints from Shareholders and will revert to the Shareholders accordingly.

## SCHEDULE

### FUND PRIVACY NOTICE FOR PRC INVESTORS

#### A. Introduction

The purpose of this notice is to provide you with information on our processing of your Personal Data in accordance with Personal Information Protection Law of the People's Republic of China ("PIPL"). It is made as the supplement to the following:-

- (a) Paragraph 20 of the Application Form;
- (b) Appendix B of the Application Form;
- (c) Appendix BB of the Application Form;
- (d) Appendix C of the Application Form; and
- (e) Citco's privacy policy at <https://citco.com/footer/privacy-policy/>

((a) – (e) collectively, "**Personal Information Processing Policies**").

This notice shall form an integrate part of the Application Form. However, it shall only apply to people who are resided or located in the PRC and intend to invest in the Company. In case of any discrepancy between any provision herein and any other provision in the Personal Information Processing Policies, the provision herein shall prevail.

#### B. Definitions

Terms used herein unless otherwise defined shall have the same meaning as in the Application Form. The terms "we", "us" and "our" used in this Notice shall mean the Company, the Administrator, the Sub-Administrator, the Manager, and/or their respective affiliated companies outside of the PRC.

In our use of the Personal Data, which is defined in paragraph 20 of the Application Form as "Personal Data" and in Appendix B as "Your Personal Data", we will be characterised as a "personal information processor" for the purposes of the PIPL.

Pursuant to the PIPL, the processing of Personal Data includes the collection, storage, use, transform, transmission, provision, public disclosure and deletion, etc. of Personal Data.

#### C. Collection, Disclosure, Transfer, Sharing, and Publication of Personal Data

##### 1. Sensitive Personal Data

The Personal Data we collect in relation to your investment in the Company include your sensitive personal information, which under the PIPL is defined as personal information that is likely to result in damage to the personal dignity of any natural person or damage to his or her personal or property safety once disclosed or illegally used, such as your bank account details. We will obtain your consent in advance for our processing of your sensitive personal information.

##### 2. Disclosure, Transfer and Sharing of Personal Data

2.1 Except otherwise provided in any applicable law or regulation or required by any competent regulatory authority, we will only disclose/transfer to or share with a third party your Personal Data, as necessary for your investment in the Company, in the circumstances set forth in the Personal Information Processing Policies. We will take all necessary and feasible measures to ensure such third party processes your Personal Data pursuant to the Personal Information Processing Policies and this Notice. We will obtain your consent before we provide to or share with the third party your Personal Data.



2.2 If you wish to have the name and contact information of any third party involved in the circumstances under the Personal Information Processing Policies, as well as the purpose and method of processing, and the type of your Personal Data being processed by such third party, please contact Justin Yin by email at [justin.yin@stoneylakeasset.com](mailto:justin.yin@stoneylakeasset.com) and [ops\\_hk@stoneylakeasset.com](mailto:ops_hk@stoneylakeasset.com).

2.3 In a case of any merger, acquisition, or insolvency and liquidation, if any transfer of your Personal Data is involved, we will require that any succeeding third party which is to have your Personal Data continue being bound by the Personal Information Processing Policies and this Notice; otherwise, we will require that such third party to obtain your prior authorization or consent separately.

### 3. Public Disclosure

We will not disclose your Personal Data to the public, unless:-

3.1 Your prior explicit consent has been obtained; or

3.2 We are required to do so according to any mandatory requirement of any applicable law or regulation, legal proceeding or competent government authority.

### **D. Your Rights**

You have various rights in relation to your Personal Data, including the right to request access to your Personal Data, copy your Personal Data, correct any mistakes on our records, erase or restrict records where they are no longer required, object to use of Personal Data based on legitimate business interests.

Please contact Justin Yin by email at [justin.yin@stoneylakeasset.com](mailto:justin.yin@stoneylakeasset.com) and [ops\\_hk@stoneylakeasset.com](mailto:ops_hk@stoneylakeasset.com) if you wish to exercise any of the above rights.

### **E. Automatic Decision**

We may make decisions solely on the basis of automatic decision-making mechanisms without any manual intervention for certain services such as information pushing and commercial marketing to clients through automated decision-making. If any of your rights or interests is significantly affected as a result, you may contact Justin Yin by email at [justin.yin@stoneylakeasset.com](mailto:justin.yin@stoneylakeasset.com) and [ops\\_hk@stoneylakeasset.com](mailto:ops_hk@stoneylakeasset.com) to request an explanation or refuse to accept our decisions made by the automated decision-making system.