

Fund Manager :

Hong Kong Exclusive Distributor :



# **CCB PRINCIPAL**

## SELECTED GROWTH MIXED ASSET FUND

Prospectus  
November 2020

**CCB Principal Selected Growth Mixed Asset Fund\***  
*(\*The name of the fund is not indicative of the fund's performance and return)*

**Additional Information for Hong Kong Investors**

**Hong Kong Covering Document**

**November 2020**

**CCB Principal Selected Growth Mixed Asset Fund** (the “**Fund**”) is a fund constituted pursuant to a fund contract between the Manager (as defined below) and the Custodian (as defined below) effective on 8 September 2006 under the laws of the Mainland (as defined below) and is authorized by the Securities and Futures Commission of Hong Kong (“**SFC**”) under section 104 of the Securities and Futures Ordinance for public offering in Hong Kong pursuant to the Mainland - Hong Kong Mutual Recognition of Funds (“**MRF**”) arrangement. The Fund has been approved by and is subject to the ongoing supervision of the China Securities Regulatory Commission (“**CSRC**”).

This document, the Hong Kong covering document (“**Hong Kong Covering**”) and the product key facts statement (“**Product KFS**”), are prepared for distribution in Hong Kong only and must be read in conjunction with the prospectus of the Fund as updated from time to time (the “**Prospectus**”) as registered with the Fund’s home regulator, the CSRC. This document and the Product KFS containing additional information for Hong Kong investors together with the Prospectus form the offering documents of the Fund for the distribution of Units (as defined below) in the Fund in Hong Kong. Units of the Fund are offered only on the basis of the information contained in this document, the Prospectus and the Product KFS, and must be accompanied by the latest annual report and if published thereafter, the latest interim report and quarterly report of the Fund.

If there are inconsistencies between the information set out in this document and the information in the Prospectus, the information disclosed in this document relating to Units offered to Hong Kong investors shall prevail. Words and expressions defined in the Prospectus have the same respective meanings when used in this document. Investors should carefully review the Fund’s investment objectives, features and all the risks involved before making a decision to invest.

**CCB Principal Asset Management Co., Ltd.** is the manager of the Fund (the “**Manager**”), and whose registered address is at 16/F, Winland International Business Center, No. 7 Finance Street, Xicheng District, Beijing, China. The Manager is registered and operates in the Mainland in accordance with Mainland laws and regulations and is licensed by the CSRC to manage publicly offered securities investment funds.

The Manager accepts full responsibility for the accuracy of the information contained in the Prospectus, the Hong Kong Covering and the Product KFS, and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement misleading.

**Industrial and Commercial Bank of China Limited** is appointed as the custodian of the Fund (the “**Custodian**”). It is qualified to act as custodian for publicly offered securities investment funds pursuant to Mainland laws and regulations.

**IMPORTANT – If you are in any doubt about the contents of the Prospectus, this document, or the Product KFS, you should seek independent professional financial advice.**

***SFC authorization is not a recommendation or endorsement of the Fund nor does it guarantee the commercial merits of the Fund or its performance. It does not mean that the Fund is suitable for all investors, nor is it an endorsement of its suitability for any particular investor or class of investors.***

***In relation to the funds referred to in the Hong Kong offering documents of the Fund including the Prospectus, the Fund is authorized by the SFC for offering to the public in Hong Kong pursuant to section 104 of the Securities and Futures Ordinance.***

***Warning: Please note that other funds mentioned in the Hong Kong offering documents of the Fund including the Prospectus may not be authorized by the SFC for offering to the public in Hong Kong. It is an offence to offer any of these funds which have not been authorized by the SFC to the public in Hong Kong unless an exemption under section 103 of the Securities and Futures Ordinance applies. Intermediaries should take note of this.***

***Without prejudice to the principle of fair and the same treatment for Mainland and Hong Kong investors, some of the services or information set out in the Prospectus may not be available or applicable to Hong Kong investors. Such matters include (but are not limited to):***

- ***information relating to unit classes other than Class H;***
- ***switching of units of the Fund to units of other funds managed by the Manager;***
- ***election for automatic dividend reinvestments;***
- ***periodic subscription service; and***
- ***customization of information service through the Manager's website in the Mainland.***

***Investors should carefully review the Prospectus, the Hong Kong Covering and the Product KFS, and are advised to enquire with authorized distributors for details. Different authorized distributors may provide different types of service associated with investment in the Fund. Please check with the authorized distributors for details.***

## **Units Offered to Hong Kong Investors**

The Fund is currently offering different classes of units in the Fund whereby Class A units are offered in the Mainland of the People's Republic of China (the "**Mainland**") (defined for this purpose only to exclude Hong Kong Special Administrative Region, Macau Special Administrative Region or Taiwan area), and class H units are offered in Hong Kong.

Only class H units (hereinafter referred to as "**Units**" or "**Class H Units**") are currently available to Hong Kong investors and are denominated in RMB. Class H Units are initially issued at launch on the first Joint Business Day (as defined below) at the net asset value (hereinafter referred to as "**NAV**") per unit of the existing Class A units of the Fund for that day, and thereafter are issued at the NAV per Class H Unit calculated after Mainland market closes for each relevant day on which Class H Units are dealt (please refer to the section below "**Publication of Information**" for further details regarding prices of Class H Units).

Class H Units are subject to the following:

- Minimum initial subscription – RMB 10
- Minimum subsequent subscription – RMB 10
- Minimum holding – Nil
- Minimum redemption – Nil

The Manager retains the right to offer additional class(es) of units of the Fund, which may be differentiated as to applicable fees, distribution rights and/or other features unique to each class(es). Holders of units of the same class shall have the same rights as to distributions on a pro-rata basis.

### **MRF in Hong Kong**

Under the MRF arrangement, securities investment funds regulated by the CSRC and offered to the public in the Mainland may be authorized by the SFC and offered to the public in Hong Kong subject to additional requirements imposed by the SFC.

MRF arrangement operates on the principles that:

- a) the Fund meets the eligibility requirements released by the SFC from time to time;
- b) the Fund shall remain authorized by or registered with the CSRC and is allowed to be marketed to the public within the Mainland;
- c) the Fund shall generally operate and be managed in accordance with the relevant laws and regulations in the Mainland and its constitutive documents;
- d) the sale and distribution of the Fund in Hong Kong shall comply with the applicable laws and regulations in Hong Kong;
- e) the Fund will comply with the additional rules released by the SFC governing the authorization or registration, post-authorization and ongoing compliance, and the sale and distribution of the Fund in Hong Kong; and
- f) the Manager shall ensure holders of both the Mainland and Hong Kong receive fair and the same treatment, including in respect of investor protection, exercise of rights, compensation and disclosure of information.

The Fund has to meet the following eligibility requirements under the MRF arrangement for SFC authorization:

- a) the Fund is of an eligible fund type under MRF;
- b) the Fund is established, managed and operates in accordance with Mainland laws and regulations and its constitutive documents;
- c) the Fund is a publicly offered securities investment fund registered with the CSRC under the Securities Investment Fund Law of the People's Republic of China;
- d) the Fund is established for more than 1 year;
- e) the Fund has a minimum fund size of not less than RMB 200 million or its equivalent in a different currency;
- f) the Fund does not primarily invest in the Hong Kong market; and
- g) the value of units in the Fund sold to investors in Hong Kong shall not be more than 50% of the value of the Fund's total assets.

If the Fund ceases to meet any of the requirements under the MRF arrangement following SFC authorization, it may not continue to be marketed in Hong Kong and not be allowed to accept new subscriptions, and the Manager is required to notify the SFC immediately.

### **Hong Kong Representative**

**Principal Investment & Retirement Services Limited** is appointed as the Hong Kong Representative of the Fund (the "**Hong Kong Representative**").

**Principal Investment & Retirement Services Limited** will perform the duties required of a Hong Kong representative as prescribed under the SFC's Code on Unit Trusts and Mutual Funds and as accordingly agreed under the Hong Kong Representative Agreement.

The registered address and contact information of the Hong Kong Representative are:

30/F, Millennium City 6,  
392 Kwun Tong Road,  
Kwun Tong, Kowloon

Tel: 2117 8383

Fax: 2801 5690 (General Enquiries), 2918 1461 (Dealings)

Email: Investors-Asia@principal.com

## **Distributor**

The Hong Kong Representative has been appointed by the Manager as the exclusive distributor of the Fund in Hong Kong, and the Hong Kong Representative may from time to time appoint sub-distributor(s) of the Fund in Hong Kong (each an “**Authorized Distributor**”) licensed by or registered with the SFC.

## **Dealings in Units**

Hong Kong investors may apply for subscription or redemption of Class H Units through the Hong Kong Representative or Authorized Distributors on each Hong Kong Business Day. Hong Kong investors will be unable to apply for subscription or redemption of Units through the Hong Kong Representative or an Authorized Distributor on a day not a Hong Kong Business Day, despite such day being a Mainland Working Day.

Dealing in Class H Units will be processed on each Joint Business Day. Applications for subscription or redemption of Units received on a Hong Kong Business Day will only be processed on the same Hong Kong Business Day if it is a Joint Business Day (as defined below) and received before the Daily Dealing Cut-off Time, or otherwise on the next Joint Business Day, in accordance with and subject to the procedures as described below. There will be no dealing in Class H Units on a day not a Joint Business Day.

For the purpose of this document, a “**Hong Kong Business Day**” means any day on which commercial banks in Hong Kong are open for business (other than a Saturday, Sunday or other day under Hong Kong law or regulations on which commercial banks in Hong Kong are required or authorized to close (including but not limited to any day where, as a result of a number 8 typhoon signal or higher or a black rain storm warning or other similar event in Hong Kong, the period during which banks in Hong Kong are open for normal banking business on any day is reduced, such day shall not be a Hong Kong Business Day)). The term “**Mainland Working Day**” is being a day the Shanghai Stock Exchange and Shenzhen Stock Exchange are both open for trading. A “**Joint Business Day**” means a Hong Kong Business Day which is also a Mainland Working Day.

## **Order Processing and Dealing Cut-off**

Hong Kong investors may submit their subscription and redemption orders for Class H Units (the “**Dealing Orders**”) to the Hong Kong Representative or an Authorized Distributor on a Hong Kong Business Day.

The Dealing Orders received by the Hong Kong Representative or an Authorized Distributor in Hong Kong on any Hong Kong Business Day which is not a Joint Business Day will be processed on the next Joint Business Day.

The Dealing Orders received in Hong Kong on any Joint Business Day shall (i) be processed on the same day if received before the daily dealing cut-off time, which shall be no later than

3:00 p.m. (Hong Kong time) (the “**Daily Dealing Cut-off Time**”), or (ii) if received after the Daily Dealing Cut-off Time, be processed on the next Joint Business Day. Certain Authorized Distributors may set different earlier cut-off times. There may also be changes to the dealing and cut-off time arrangements as a result of market events. Investors should inquire with the Hong Kong Representative or their individual Authorized Distributor regarding the related dealing and cut-off time arrangements.

For the purpose of this document, the day which the Dealing Orders are processed shall be referred to as the “**Trade Date**”.

The Hong Kong Representative or an Authorized Distributor will forward the Dealing Orders according to such operational process as agreed with the Manager, to, as the case may be, the Manager or such appointed transfer agent (in such capacity, as the “**Transfer Agent**”) for review. The Transfer Agent will review such Dealing Orders and, if in order, process them for confirmation and allotment or redemption of Units or payment of redemption proceeds (as applicable). The Transfer Agent will only process subscription orders upon full payment and clearance of subscription monies from the investors, and the Transfer Agent will only process a redemption order if the investor has an adequate number of Units in the investor’s account.

Cross-border payment of funds for settlement of the Dealing Orders shall be arranged by the Hong Kong Representative or by an Authorized Distributor to such account designated by the Manager or its agent, and cleared in respect of each Trade Date on a consolidated basis.

Investors should note that the Dealing Orders received by the Hong Kong Representative or an Authorized Distributor are not successful until actually processed by the Manager or the Transfer Agent on its behalf.

More detailed instructions for submitting the Dealing Orders are found below.

## **Subscriptions**

### ***Application to Subscribe Units***

To make an initial investment, investors should carefully read the contents of the Prospectus, the Product KFS and this document, complete the relevant application form for subscription received from the Hong Kong Representative or an Authorized Distributor and return it to the Hong Kong Representative or an Authorized Distributor together with such accompanying or additional information or documents as may be required by the Hong Kong Representative or an Authorized Distributor.

### ***Payment for Subscription of Units***

Payment shall be made in cleared funds in RMB and can be made by cheque, bank wire or telegraphic transfer or in such other manner as acceptable to the Hong Kong Representative or an Authorized Distributor.

Payment of subscription amounts should be made in full, net of any wire transfer fees or other bank charges. All wire transfer fees or bank charges will be borne by the applicants. Investors should check with the Hong Kong Representative or the Authorized Distributors for further details.

If payment is made in any other currency, the Hong Kong Representative or an Authorized Distributor may in its discretion arrange for the necessary foreign exchange transactions (at the prevailing market exchange rates i.e. the market exchange rate applied by the bank at the relevant time of currency conversion) before the subscription request is forwarded to the Manager and/or the Transfer Agent. All charges and expenses in relation to the foreign

exchange transaction shall be borne by the relevant investor. Investors should check with the Hong Kong Representative or an Authorized Distributor for further details.

**No money should be paid to any intermediary in Hong Kong who is not licensed or registered to carry on Type 1 regulated activity under Part V of the Securities and Futures Ordinance.**

***Confirmation of Subscription of Units***

Investors whose application forms for subscription of Units are accepted will be allotted Units on the Mainland Working Day following the Trade Date at a price based on the NAV per Unit determined as of the relevant Trade Date.

Investors will receive such number of Units for the net subscription amount after deduction of relevant subscription fee (as set out in the Prospectus and supplemented in the section entitled ***"Fees and Expenses"*** below).

Net subscription amount = subscription amount / (1 + applicable subscription fee rate\*)

Number of Units = Net subscription amount / NAV per Unit on Trade Date

(\*Subscription fee rate shall not exceed 5% of the subscription amount.)

A confirmation note will be sent to investors following the subscription of Units within 2 Joint Business Days following the Trade Date, providing full details of the transaction. Investors transacting orders through the Hong Kong Representative or an Authorized Distributor should inquire with the Hong Kong Representative or their Authorized Distributor regarding the timing for providing confirmation of subscription.

***Circumstances for Possible Rejection or Suspension of Subscription***

The Manager may suspend or reject subscription of units in certain circumstances as permitted and described in the Prospectus. In the event of a suspension of subscription of the Fund, Hong Kong investors shall be informed at the same time as Mainland investors, by such notification published as soon as possible, at such website designed for Hong Kong investors (See below section entitled ***"Publication of Information"***). In addition, the Manager has the discretion to reject certain subscription(s) where it considers that such subscription may adversely affect the Fund and its existing Unitholders.

The MRF arrangement is subject to an overall quota restriction. Subscription of Units in the Fund may be suspended at any time if such quota is used up.

One of the continuing eligibility requirements for the Fund to be authorized by the SFC is that the value of the Units in the Fund sold to Hong Kong investors shall not be more than 50% of the value of the Fund's total assets. The Manager will need to manage the subscription of Units in the Fund to ensure that the Fund complies with such ongoing requirement. When the Fund is approaching such limit, the Manager should notify the SFC in writing immediately, and the Manager shall apply such measures as necessary and appropriate to avoid breaching the limit, including suspending subscription or applying a fair arrangement to apportion subscription orders until the 50% limit is reached. There is a risk that Hong Kong investors may not be able to subscribe for the number of Units they apply for (or may not be able to subscribe for any Units at all). However, compulsory redemption of Units held by Hong Kong investors will not be required. Hong Kong investors can continue to hold their existing Units in the Fund.

Investors should note that an application for subscription may potentially be rejected or only partially accepted in such circumstances described above.

## Redemptions

Redemption applications may be made by completing relevant redemption form as obtained from the Hong Kong Representative or an Authorized Distributor and returning it to the Hong Kong Representative or an Authorized Distributor.

Provided there are sufficient available Units held to the account of the Unitholder seeking redemption, applications for redemption that are accepted shall be confirmed on the Mainland Working Day following the Trade Date and effected at a price based on the NAV per Unit determined as of the relevant Trade Date. Please refer to the section entitled **“Order Processing and Dealing Cut-off”** regarding dealing and cut-off time arrangement for application for redemption.

Investors will receive such net redemption amount after deduction of relevant redemption fee (as set out in the Prospectus and supplemented in the section entitled **“Fees and Expenses”** below).

Redemption Amount = NAV per Unit on Trade Date × Number of Units Redeemed

Redemption Fee = Redemption Amount × Rate of applicable redemption fee

Net Redemption Amount = Redemption Amount – Redemption Fee

A confirmation note following the redemption of Units shall be issued within 2 Joint Business Days following the Trade Date, providing full details of the transaction. Investors transacting orders through the Hong Kong Representative or an Authorized Distributor should inquire with the Hong Kong Representative or their Authorized Distributor regarding the timing for providing confirmation of redemption.

Provided that a properly documented redemption request is given to the Hong Kong Representative or an Authorized Distributor, payment of redemption proceeds for Hong Kong investors shall be made by the Manager through the Transfer Agent within 7 Mainland Working Days of Trade Date, net of applicable redemption fee (See below section entitled **“Fees and Expenses”**) and shall be paid in RMB, subject to circumstances of massive redemptions as described below. However, Hong Kong investors should note that the timing for receiving cross-border payment of redemption proceeds from the Manager may be subject to exchange controls, applicable regulatory, tax or other requirements and which may cause delay. Bank charges incurred in making redemption payments shall be borne by the investor. For dealing in Units through the Hong Kong Representative or an Authorized Distributor, investors are advised to obtain information on settlement from the Hong Kong Representative or the relevant Authorized Distributor. Redemption proceeds shall be paid to the redeeming Unitholder only, no request for third party payment shall be accepted.

## Suspension of redemption or deferral of redemption payment

Investors should carefully read the contents of the Prospectus on the redemption process of the Fund including the circumstances under which redemption of units (including Units) may be suspended or payment of redemption proceeds may be deferred. Redemptions may be suspended when the Fund is unable to operate due to a situation of force majeure, or when the NAV of the Fund cannot be calculated due to an exceptional cessation of trading of the relevant Mainland stock exchanges. In situations of massive redemptions or continuing massive redemptions resulting in cash flow difficulties, redemption of units (including Units) may be suspended or deferred, or there may be delay of payment of redemption proceeds for accepted redemptions.



As described in the Prospectus, when submitting applications for redemption, the redeeming Unitholder of Class H Units may elect whether (1) to defer or (2) to cancel their redemption application on such part not redeemed in an event the redemption request will not be met or fully met on the relevant Trade Date. Hong Kong investors should confirm with the Hong Kong Representative or Authorized Distributor as to the applicable arrangement.

Where redemptions are met but payment of redemption proceeds is delayed due to continuing massive redemptions, payment shall be made as soon as practicable and in any event shall be deferred no more than 20 Mainland Working Days as described in the Prospectus, but Hong Kong investors should note that cross-border payment of redemption proceeds may be subject to further delay due to exchange controls, applicable regulatory, tax or other requirements.

While the Prospectus describes circumstances of possible compulsory redemption of units held by investors holding less than the prescribed minimum holding requirement, Class H Units are not subject to any minimum holding requirement and accordingly is not subject to such compulsory redemption.

Investors should note the “**Massive redemptions risk**” under the risks section below.

## **Distributions**

The Manager will, if relevant conditions for distribution as set out in the Prospectus have been satisfied, make payment of dividends for the Fund. Although the Prospectus refers to dividends being payable in cash or may be reinvested into units at the election of unitholders, the facility for reinvestment of dividends is currently not available for Class H Unitholders. Until such facility becomes available, dividends of Class H Units will be paid in cash.

Investors should note that the Manager may in its discretion pay dividends out of capital or pay dividends out of gross income while charging all or part of the Fund’s fees and expenses to the capital of the Fund, resulting in an increase in distributable income for the payment of dividends by the Fund and therefore, the Fund may effectively pay dividends out of capital. The compositions of the dividends (i.e. the relative amounts paid from net distributable income and capital) for the last 12 months are available from the Manager or the Hong Kong Representative upon request and also on the website where information relating to the Fund is provided to Hong Kong investors (See below under “**Publication of Information**”).

**Where payment of dividends are made out of capital or effectively out of capital, this may amount to a return or withdrawal of part of an investor’s original investment or from any capital gains attributable to that original investment, and such payment of dividends may result in an immediate decrease of the NAV per unit of the Fund. The Fund may amend the dividend policy, subject to regulatory approval and prior notice to investors.**

## **Fees and Expenses**

The Fund is subject to the payment of fees and expenses as set forth in the Prospectus which also applies to Class H. Please refer to the Prospectus for a description of fees and expenses borne by the Fund. However, investors should note that although the Prospectus refers to a potential distribution service fee of up to 1% chargeable to the Fund, such fee is currently not charged to the Fund and the Manager has no intention of charging such fee. Not less than one month’s prior notice will be given to Unitholders if the Manager determines in future to charge such service fee.

Separate from fees and expenses borne by the Fund, subscription fee and redemption fee may be applicable and borne by investors respectively on the subscription and redemption of units.

Subscription and redemption fees shall be charged and calculated as permitted under the constitutive document of the Fund (i.e. its fund contract) and as described in the Prospectus, provided however that notwithstanding other alternative or tiered rates as described in the Prospectus:

- Subscription fee for Class H Units shall be charged as a front-end load (upfront fee) at the time of subscription (not as back-end deferred subscription fee chargeable on redemption). Subscription fees shall be charged for the account of the Hong Kong Representative and/or the Authorized Distributors.
- Subscription fee for Class H Units for Hong Kong investors may be **up to 5.0%** payable on the subscription amount, with the actual rate of subscription fee as determined by the Hong Kong Representative or the Authorized Distributor.
- A redemption fee of flat rate of **0.125%** shall apply on redemption of Class H Units. The redemption fee shall be retained by the Fund.

Please contact the Hong Kong Representative or an Authorized Distributor for more information and details of the applicable fees.

## Switching

Switching of Units in the Fund into units of any fund(s) managed by the Manager not authorized by the SFC for public offer to Hong Kong investors is not permitted. Switching from the Fund to another fund of the Manager authorized by the SFC for public offer to Hong Kong investors is not currently available. The details of the relevant arrangement for switching of Units shall be provided to Hong Kong investors when such facility is available.

## Publication of Information

The NAV of Class H Units of the Fund is calculated on each Mainland Working Day and such other days as required by Mainland laws and regulations, including 30 June and 31 December even if these dates are not Mainland Working Days.

Prices for Fund Units (i.e. NAV per Class H Unit) will be published on a daily basis on the website for Hong Kong investors: ([www.principal.com.hk](http://www.principal.com.hk)), which is issued by the Hong Kong Representative. This website has not been reviewed by the SFC.

The NAV per Class H Unit shall be calculated by the Manager and reviewed by the Custodian using the following formula:

NAV per Class H Unit = NAV of Class H Fund assets on valuation day / total number of Class H Units

If the calculation of the NAV of Units or subscription or redemption of Units of the Fund is suspended, notice of such suspension will be filed with the SFC and published on the website for Hong Kong investors as soon as possible, in any event within 2 days following such decision to suspend is taken and at least once a month during the period of suspension. For any suspension or deferral of dealings of the Fund requiring notification to the CSRC, the SFC shall also be notified correspondingly.

When there is/are material change(s) to the Fund information, the Prospectus will be updated within 3 Mainland Working Days. Other changes of the Prospectus will be updated by the Manager at least once a year. The current version of the Prospectus, this document, the Product KFS, all circulars, notices, announcements (including on any suspension of dealing or calculation of NAV and the end of any period of suspension) issued in respect of the Fund, financial reports and the latest available subscription and redemption prices or NAV of the Fund will be published on the website referred to above. The said website shall be in English and Traditional Chinese.

Hong Kong investors may make enquiries or requests to view or obtain information or documents relating to the Fund by contacting the Hong Kong Representative (See below – ***“Enquiries and Complaints”*** and ***“Availability of Documents”***).

Any changes to the Fund shall be made subject to the requirements of the fund contract and where applicable, subject to the approval of the CSRC and the requirements of the CSRC and Mainland laws and regulations as relevant. Such changes shall be effective upon approval by the CSRC, where required, or by compliance with appropriate procedures under Mainland laws and regulations, and shall thereafter be filed with the SFC.

Changes that concern the eligibility of the Fund under the MRF will require SFC's prior approval, for example changes in investment objective, investment strategy or key operators (including the Manager and the Custodian) will generally require the SFC's prior approval. Further, in respect of certain issues that affect Hong Kong investors only (e.g. change of Hong Kong Representative), SFC's prior approval may be required.

Changes shall be notified to Hong Kong investors in English and Traditional Chinese in accordance with relevant requirements (including posting relevant notices on the website issued by the Hong Kong Representative for Hong Kong investors in English and Traditional Chinese). The Manager and the Hong Kong Representative will take reasonable steps and measures to ensure that the offering documents and ongoing disclosure of information (including periodic financial reports, notices and announcements) will be made available to Hong Kong investors and Mainland investors at the same time, except for any notice to Mainland investors which is issued only in respect of classes of units (if any) of the Fund not available in Hong Kong and not relevant to Hong Kong investors, or relate solely to issues that have no impact on Hong Kong investors.

## **Reports and Accounts**

Printed copies of the audited annual reports and accounts and the unaudited interim reports and quarterly reports of the Fund (collectively the ***“Reports”***) will not be sent to Hong Kong investors. However, printed copies of the Reports will be made available at the registered office of the Hong Kong Representative on request free of charge and soft copies of the Reports will be available on the Hong Kong Representative's website ([www.principal.com.hk](http://www.principal.com.hk)). This website has not been reviewed by the SFC. Hong Kong investors will be notified when these Reports are available, which shall be within 3 months of the end of the relevant period for the audited annual reports, within 2 months of the end of the relevant period for interim reports, and within 15 Mainland Working Days of the end of the relevant period for quarterly reports.

The Reports will be issued in Simplified Chinese only, and will be prepared in accordance with Mainland requirements. However, the Reports shall be made available to Hong Kong investors together with such additional information as required by the SFC from time to time to be furnished to Hong Kong investors.

Upon request by investors, specific information regarding the Reports will be made available to Hong Kong investors in English and/or Traditional Chinese free of charge. Investors may send such requests to the Hong Kong Representative at the address provided below, under ***“Enquiries and Complaints”***.

### **Bilingual Documents**

While the Prospectus of the Fund available to Mainland investors is in Simplified Chinese, the Hong Kong offering documents of the Fund comprising of the Prospectus of the Fund, this document and the Product KFS, all of which are made available to Hong Kong investors in the English language and in Traditional Chinese language, taking into account market practice and customary use of Chinese language in Hong Kong. Notices of the Fund and such additional information issued to Hong Kong investors shall also be in English and Traditional Chinese.

However, the constitutive document of the Fund (i.e. the fund contract) and the Reports (as noted above) shall be available to Hong Kong investors only in Simplified Chinese (except specific information shall be made available in English and Traditional Chinese upon the request of investors by submitting a written request to an Authorized Distributor or the Hong Kong Representative). Investors who are not conversant in Simplified Chinese should therefore consider the language barriers that limit full understanding of the governing contractual provisions of the Fund and whether this may negatively impact the interest of such investors.

### **Voting at Meeting of Unitholders**

Unitholders shall have one voting right for each voting unit of Units that they hold. Votes may be given in person, by proxy or in another way as permitted and described under the Prospectus and as further detailed in notices of meetings of Unitholders.

### **Nominee Arrangement**

As is common market practice for other publicly offered funds in Hong Kong, investors may hold Units in the Fund through the Hong Kong Representative or an Authorized Distributor (as the case may be) as nominee (**“Nominee”**) on behalf of Unitholders. Under such arrangement, the Hong Kong Representative or an Authorized Distributor (but not the underlying investors) will be the named Unitholder on the system and records of the Fund’s Transfer Agent. The Hong Kong Representative or an Authorized Distributor shall maintain records on the holdings of Units of their underlying investors, and shall exercise voting rights of Unitholders according to the instructions of underlying Unitholders. Details of such arrangement shall be further set out in notices of Unitholders’ meetings.

Hong Kong investors should note that under the Nominee arrangement, only the name of the Nominee and not of the underlying investor will be registered as Unitholder, and therefore the exercise of rights as Unitholder (including but not limited to the right to take any legal action against the Manager and the Custodian) shall be made only by the Nominee for and on behalf of the underlying investor or exercisable only through the Nominee, and subject to the maintenance of records by the Nominee on the interest of the underlying Hong Kong investors in Units.

Unitholders will be notified by the Nominee as soon as possible upon notification by the Manager regarding meetings of Unitholders including information such as meeting date, time and resolutions, in both English and Traditional Chinese languages. The specific arrangement for the exercise of voting rights by an underlying investor may be subject to further specific

terms or procedures as specified by the Nominee. Investors should contact the Hong Kong Representative or the Authorized Distributors for further details.

Accordingly, Hong Kong investors should understand the difference in position from Mainland investors where Mainland investors are directly registered as Unitholders and as such able to directly exercise rights as Unitholders. If in doubt, Hong Kong investors should seek professional advice.

### **Fair Treatment of Mainland and Hong Kong Investors**

The Manager shall ensure that Mainland investors and Hong Kong investors will receive fair and the same treatment, including in respect of investor protection, exercise of rights, compensation and disclosure of information.

### **Termination of the Fund**

The Fund may be terminated under circumstances as set out under the section headed “*XVIII. Termination and Clearing of the Fund*” of the Prospectus.

When the Fund Contract is terminated, the Manager will organize a liquidation group to liquidate assets of the Fund in accordance with the applicable laws. Fund assets will be liquidated and distributed to unitholders or the relevant distributors after settlement of the liabilities. Please refer to section “*XVIII. Termination and Clearing of the Fund*” of the Prospectus for details. Unclaimed proceeds (if any) will be held in an account of the Manager under the name of the Fund or the relevant distributor. The minimum period the Fund Custodian is required to retain accounting documents in relation to liquidation of Fund Assets is 15 years.

### **Additional disclosures on investments of the Fund**

The Fund may invest in bond assets which may include urban investment bond and debt securities rated BB+ or below by a Mainland credit rating agency or unrated. The Fund may invest in asset-backed securities up to 20% of the Fund’s NAV.

In respect of the Fund’s equities investments, the Fund may invest substantially in stocks listed and traded on the Small and Medium Enterprise (SME) Board, ChiNext market and/or the Science and Technology Innovation Board (STAR Board). The Fund may also invest substantially in depositary receipts issued and traded on China’s domestic securities markets in accordance with Mainland law and regulations (“CDRs”).

Investors should also refer to the Prospectus and the Product KFS for the investment objective, investment strategies and other details on the Fund’s investments.

### **Financial Derivative Investments**

The Fund does not use financial derivative instruments and if the Fund intends to engage in such transactions in the future, applicable regulatory approval from relevant regulatory authorities will be sought and at least one month’s prior notice will be given to investors before the Fund engages in such transactions.

Notwithstanding the reference in the Prospectus to possible investment in warrants, the Manager currently does not invest in warrants.

### **Stock Lending**

The Fund does not engage in stock lending transactions and if the Fund intends to engage in such transactions in the future, applicable regulatory approval from relevant regulatory authorities will be sought and at least one month's prior notice will be given to investors before the Fund engages in such transactions.

### ***Repurchase and Reverse Repurchase Transactions***

The Manager may enter into repurchase transactions and reverse repurchase transactions for the account of the Fund. Subject to complying with the minimum investment requirements to meet the Fund's investment objective and strategy and the other applicable regulatory requirements, the Fund (i) is not subject to any limit when entering into reverse repurchase transactions on the exchange market and interbank market; and (ii) will enter into repurchase transactions on the exchange market and interbank market up to an aggregate total limit of 40% of the Fund's NAV. Applicable regulatory approval from relevant regulatory authorities will be sought and prior notice to investors will be given if there would be any change of such limit.

The Fund's maximum level of leverage shall not exceed 40% of the Fund's NAV. Applicable regulatory approval from relevant regulatory authorities will be sought and at least one month' prior notice will be given to investors if there would be any change of such limit.

### ***Repurchase transactions and reverse repurchase transactions in the Mainland***

Repurchase and reverse repurchase transactions of the Fund in the Mainland will generally involve bond securities as pledged collateral where no transfer of ownership or title will occur. Repurchase and reverse repurchase transactions in the Mainland may be exchange traded or entered into on the Mainland interbank market.

### ***Exchange-traded repurchase and reverse repurchase transactions***

- Exchange-traded repurchase and reverse repurchase transactions are conducted on the Shanghai Stock Exchange or the Shenzhen Stock Exchange, and of which depository, clearing and settlement are undertaken through the China Securities Depository and Clearing Corporation Limited ("**CSDC**") that operates a central counterparty system where the CSDC will act as the sole counterparty of all transactions and guarantee settlement. Exchange-traded repurchase and reverse repurchase transactions are subject to the rules of the relevant stock exchange and the relevant rules of CSDC as applicable, and ultimately subject to regulation by CSRC.
- In exchange-traded repurchase transactions, the Fund borrows cash against collateral provided by the Fund, and shall at the end of the transaction repays cash and interest at agreed rate for the release of the collateral. The Fund is required to post sufficient bond securities as pledged collateral in favor of and under the custody of CSDC. Only qualified collateral (such as listed treasury bonds, local government bonds or corporate bonds) according to the requirements of CSDC and as published by CSDC and the relevant exchange may be accepted, subject to applicable haircut as published by CSDC and the relevant exchange. Transactions are marked-to-market daily, and the Fund is required to top up bond securities when market value of pledged collateral falls against cash borrowed under repurchase transactions.
- When entering into exchange-traded reverse repurchase transactions, the Fund loans out cash against the obligation of the CSDC to repay cash together with interest

income at agreed rate at the end of the transaction. The Fund's counterparty risk in such transactions is only to the CSDC.

*Repurchase and reverse repurchase transactions on the interbank market*

- Repurchase and reverse repurchase transactions on the interbank market are subject to regulations by the People's Bank of China ("PBOC") and the relevant rules of the China Central Depository and Clearing Co., Ltd. ("CCDC") and/or Shanghai Clearing House (as applicable as depository), and also the rules of the China Foreign Exchange Trade System (i.e. National Interbank Funding Centre) ("CFETS") on which transactions are undertaken.
- In repurchase transactions on the interbank market, the Fund borrows cash from and pledges collateral in favor of the counterparty to the transaction. In reverse repurchase transactions on the interbank market, the Fund loans out cash and receives a pledge over bond securities of the counterparty as collateral. The Fund's transactions shall be undertaken with counterparties such as commercial banks, securities companies, insurance companies, fund management companies, finance companies, trust companies, and other institutional investors approved by PBOC to participate in the interbank market. Counterparties are selected by the Manager exercising due care and diligence, taking into account factors such as the nature of the corporation, the reputation, the previous track record, regulated status and industry ranking.
- For transactions on the interbank market, collateral is given on bond securities under custody with CCDC or Shanghai Clearing House as applicable, and registered as pledged in favor of the counterparty where the Fund enters into repurchase transactions, or in the case of reverse repurchase transactions, collateral is pledged in favor of the Fund. Collateral registered as pledged may not be used by either party to the transaction for further pledging or other dealings until the relevant transaction is settled and pledge over the collateral is released.
- In reverse repurchase transactions on the interbank market, collateral that may be accepted by the Fund may include, but not limited to, treasury bonds, local government bonds, financial bonds, corporate bonds, enterprise bonds, medium term notes, central bank bills, and short-term financing bills. Collateral will be accepted only upon appropriate risk assessment by the Manager, taking into account factors such as the credit ratings of the collateral as rated by Mainland credit agencies, and the nature, industry prospects and financial status of the issuer, and subject further to prudent haircut policy depending on the credit rating of collateral or taking into account counterparty credit standing. The market value of collateral shall be at least equal to the cash placed out by the Fund at the time the transaction is entered into initially, however collateral on the interbank market are not marked-to-market. Transactions are generally of short duration, to mitigate market risk against collateral taken by the Fund.

Cash proceeds (i.e. borrowed cash) received by the Fund from repurchase transactions may be used by the Fund for liquidity management or may be re-invested by the Fund. Given that collateral received from reverse repurchase transaction is placed under custody of the CSDC, CCDC or Shanghai Clearing House (as applicable), the Fund will not use the collateral for other repurchase transactions or to acquire cash for investment or liquidity management. All incremental incomes from reverse repurchase transactions shall be for the Fund's account, taking into account any necessary deductions for costs relating to the entering into the repurchase or reverse repurchase transaction for the Fund (e.g. costs incurred by the security clearing body or financial institution arranging the repurchase/reverse repurchase transactions, the Manager, the Custodian or their connected persons).

The Fund's repurchase or reverse repurchase transactions may be carried out with or through the Manager, the Custodian or their connected person, provided that all such connected party transactions shall be effected at arm's length and on best available terms (for example, any fee payable shall be on a commercial basis and no greater than the prevailing market rates for a transaction of the same scale and nature), and disclosure on such connected party transactions (including the fee retained by the Manager, the Custodian and their connected person) is made in the Fund's annual and interim reports.

## **Risk Factors**

Investors should refer to the section headed "Risk Disclosure" of the Prospectus as are relevant to investment in the Fund and the following additional information in respect of the risks associated with investing in the Fund.

### **Investment Risk**

The Fund is an investment fund. There is no guarantee of the repayment of principal or payment of dividend or distributions. Further, there is no guarantee that the Fund will be able to achieve its investment objective and there is no assurance that the stated strategies can be successfully implemented.

### **Risks Associated with the MRF Arrangement**

- *Quota restrictions:* The MRF arrangement is subject to an overall quota restriction. Subscription of Units in the Fund may be suspended at any time if such quota is used up.
- *Failure to meet eligibility requirements:* If the Fund ceases to meet any of the eligibility requirements under the MRF, it may not be allowed to accept new subscriptions. In the worst scenario, the SFC may even withdraw its authorization for the Fund to be publicly offered in Hong Kong for breach of eligibility requirements. There is no assurance that the Fund can satisfy these requirements on a continuous basis.
- *Different market practices:* Market practices in the Mainland and Hong Kong may be different. In addition, operational arrangements of the Fund and other public funds offered in Hong Kong may be different in certain ways. For example, subscriptions or redemptions of Units of the Fund may only be processed on a Joint Business Day when both Mainland and Hong Kong markets are open or it may have different cut-off times or dealing day arrangements versus other SFC-authorized funds. Investors should ensure that they understand these differences and their implications.
- *Mainland tax risk:* Currently, certain tax concessions and exemptions are available to the Fund and/or its investors under the MRF regime. There is no assurance that such concessions and exemptions or Mainland tax laws and regulations will not change. Any change to the existing concessions and exemptions as well as the relevant laws and regulations may adversely affect the Fund and/or its investors and they may suffer substantial losses as a result.

### **Specific Risks Relating to the Fund's Investment**

Other than general investment risk, investors should note the following risks relating to the Fund's investment.

#### ***Mainland market risk/concentration risk***

The Fund's investments in equities, fixed income and other investments will be limited to those securities in the Mainland market only. As the Fund invests primarily in securities related to the Mainland market, it is subject to additional concentration risk. Investing in the Mainland market may give rise to different risks including political, policy, tax, economic, foreign exchange, legal, regulatory and liquidity risks.



**Mainland equity risks**

- *Market risk:* The Fund's investment in equity securities is subject to general market risks, whose value may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors.
- *Volatility risk:* High market volatility and potential settlement difficulties in the Mainland equity market may also result in significant fluctuations in the prices of the securities traded on such markets and thereby may adversely affect the value of the Fund. Investments in Mainland equity market are subject to higher liquidity risk as compared to markets in more developed countries which may also result in higher price volatility and transaction costs. The Fund may suffer substantial loss if it is not able to dispose of investments at a time it desires.
- *Risk associated with small-capitalisation / mid-capitalisation companies:* The Fund may invest in companies of smaller or mid-capitalisation. The stocks of small-capitalisation/ mid-capitalisation companies may have lower liquidity and their prices are more volatile to adverse economic developments than those of larger capitalisation companies in general.
- *Liquidity risk:* Securities market in the Mainland may be less liquid than other developed markets. The Fund may suffer substantial losses if it is not able to dispose of investments at a time it desires.
- *High valuation risk:* Stocks listed on the Mainland stock exchanges may have a higher price-earnings ratio. Such high valuation may not be sustainable.
- *Policy risk:* The Shanghai Stock Exchange and the Shenzhen Stock Exchange typically have the right to suspend or limit trading in any security traded on the relevant exchange. Where a suspension is effected, the Fund's ability to trade in the Mainland stock exchanges may be adversely affected. The government or the regulators may also implement policies that may affect the financial markets. All these may have a negative impact on the Fund.

**Risks associated with the Small and Medium Enterprise (SME) Board, ChiNext market and/or the STAR Board:**

- *Higher fluctuation on stock prices and liquidity risk:* Listed companies on the SME board, ChiNext market and/or STAR Board are usually of emerging nature with smaller operating scale. In particular, listed companies on ChiNext market 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 main board.
- *Over-valuation risk:* Stocks listed on SME board, ChiNext 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 the ChiNext market and STAR Board are less stringent in terms of profitability and share capital than those in the main board and SME board.
- *Delisting risk:* It may be more common and faster for companies listed on the SME board, ChiNext market and/or STAR Board to delist. In particular, STAR Board has stricter criteria for delisting compared to other boards. This may have an adverse impact on the Fund if the companies that it invests in are delisted.
- *Concentration risk:* 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 Fund to higher concentration risk.

Investments in the SME board, the ChiNext market and/or the STAR Board may result in

significant losses for the Fund and its investors.

***Further information and risks associated with STAR Board:***

- *Liquidity risk:* STAR Board's investment threshold is high and individual investors need to meet certain conditions to be eligible to participate in investing in STAR Board. The liquidity of STAR Board stocks may be lower than other markets, where there is a risk of failure to liquidate the fund portfolio in a timely manner and other related liquidity risks.
- *Delisting risk:* STAR Board has a stricter delisting system than the main board, where the delisting period is shorter, delisting process is quicker and there are more situations where delisting may occur. There is no system for listing suspension, listing resumption and re-listing. Companies listed on the STAR Board have greater delisting risk.
- *Concentration risk:* STAR Board listed enterprises are all science and technology innovation growth enterprises. The characteristics of their business models, profit risks, performance fluctuations etc are relatively similar. It is difficult to reduce investment risk through diversification of investment. If the stock price fluctuates in the same direction, the net asset of the Fund will fluctuate accordingly. Besides, STAR Board is a newly established board, with fewer investable objectives during the initial stage, there is a tendency for investors to concentrate on investing in a small number of shares resulting in the high concentration conditions in the market.
- *Market risk:* Stocks of STAR Board are concentrated in high-tech and strategic emerging industries such as next-generation information technology, high end equipment, new materials, new energy, energy conservation and environmental protection and biomedicine. Most enterprises are start-up companies, uncertainties exist in the future earnings, cash flow and valuation of such companies. Differences exist with traditional secondary market investment, with greater difficulties in overall investment and increased market risk in stocks of STAR Board. STAR Board's stock bidding trading system allows a wider fluctuation limit. There is no fluctuation limit of the stocks during the first five days after listing. From the sixth day onwards, the daily price fluctuation limit is confined to 20%. The fluctuations of single stocks on STAR Board are greater than stocks on other boards, and as a result, market risks increase.
- *Systemic risk:* STAR Board enterprises are all technology innovation enterprises with high market recognition, and tend to have similar business operation and profit models, therefore stocks listed on STAR Board are highly correlated and the systemic risk will be more significant when the market underperforms.
- *Policy risk:* Changes in the state's support and emphasis on high-tech industries will have a greater impact on enterprises of the STAR Board, and changes in international economic situation will also have a policy impact on strategic emerging industries and stocks of the STAR Board.

***Risks associated with CDRs:***

- *Risks associated with the issuer of the underlying overseas securities:* As the issuers of the underlying overseas securities corresponding to CDRs ("overseas issuers") are governed by overseas laws and regulations of its place of incorporating or listing, there may be potential risks caused by differences in the legal status and rights exercisable by holders of CDRs and shareholders of the overseas issuers; There may be risks associated with special arrangements made for CDRs holders in terms of dividend distributions, which may cause CDR holders to receive their stock dividends at a time different than the holders of the underlying overseas securities; There may be risks associated with special arrangements relating to the exercising of voting rights; There may be risk of dilution of CDR holders' interests in certain circumstances, such as the overseas issuers offering rights issue to the holders of the underlying securities but the CDR holders may not be able to participate in such rights issues; There may be risks relating to differences in supervision of ongoing information disclosure requirements

applicable in the different listing markets, and other risks that may be caused by differences in domestic and overseas legal systems and regulatory environments.

- *Risks associated with depository receipts:* Upon purchasing CDRs, investors holding CDRs will automatically be deemed as having executed and become a party to the depository agreement, there may be risks associated with the terms of the depository agreement which is binding to them; There may be risks associated with the delisting of the CDRs such as inability of the depository to sell the underlying securities according to the depository agreement.
- *Risks associated with the CDR trading mechanism:* As the CDRs and the underlying securities are listed in multiple markets, they may have different trading hours due to difference of time zone and trading rules. There may be risks that the trading price of CDRs may be swayed by the opening price and closing price of the underlying securities and other events in the overseas market. Compared to investment in companies that are listed only in China's domestic securities market, investments in CDRs may be subject to higher price volatility resulting in greater financial losses.

### ***Inflation risk***

Inflation risk is the risk that assets will lose value because of a decrease in the value of money. Inflation can reduce the purchasing power of income made on an investment in a fund as well as the intrinsic value of the investment. Investments in the Fund would be exposed in particular to Mainland inflation risks.

### ***Mainland debt securities risks***

- *Volatility and liquidity risks:* The Mainland debt securities markets may be subject to higher volatility and lower liquidity compared to more developed markets. The prices of securities traded in such markets may be subject to fluctuations.
- *Counterparty risk:* The Fund is exposed to the credit/default risk of issuers of the debt securities that the Fund may invest in.
- *Interest rate risk:* Investment in the Fund is subject to interest rate risk. In general, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise. The Fund is exposed to additional policy risk of potential adjustment by the government to the interbank deposit rate.
- *Downgrading risk:* The credit rating of a debt instrument or its issuer may be downgraded subsequent to investment by the Fund. In the event of such downgrading, the value of the Fund may be adversely affected. The Manager may or may not be able to dispose of the debt instruments that are being downgraded.
- *Credit rating agency risk:* The credit appraisal system in the Mainland and the rating methodologies employed in the Mainland may be different from those employed in other markets. Credit ratings given by Mainland rating agency may therefore not be directly comparable with those given by other international rating agencies.
- *Risk associated with urban investment bonds:* The Fund may invest in urban investment bonds. Urban investment bonds are issued by local government financing vehicles ("LGFVs"), such bonds are typically not guaranteed by local governments or the central government of the Mainland. In the event that the LGFVs default on payment of principal or interest of the urban investment bonds, the Fund could suffer substantial loss and the NAV of the Fund could be adversely affected.
- *Risk associated with asset-backed securities:* The Fund may invest in asset-backed securities (including asset-backed commercial papers) which may be highly illiquid and prone to substantial price volatility. These instruments may be subject to greater credit, liquidity and interest rate risk compared to other debt securities. They are often exposed to extension and prepayment risks and risks that the payment obligations relating to the underlying assets are not met, which may adversely impact the returns of the securities.
- *Risk associated with debt securities which are rated BB+ or below by a Mainland credit rating agency or unrated:* The Fund may invest in debt securities rated BB+ or below by

a Mainland credit rating agency or unrated. Such securities are generally subject to lower liquidity, higher volatility and greater risk of loss of principal and interest than high-rated debt securities.

### ***Risk associated with Repurchase and Reverse Repurchase Transactions***

The Manager may enter into repurchase and reverse repurchase transactions for the account of the Fund on the Mainland stock exchanges or in the interbank market.

- The collateral pledged under the reverse repurchase transactions in the interbank market may not be marked-to-market. In addition, the Fund may suffer substantial loss when engaging in reverse repurchase transactions as there may be delay and difficulties in recovering cash placed out or realizing the collateral, or proceeds from the sale of the collateral may be less than the cash placed with the counterparty due to inadequate valuation of the collateral and market movements upon default of the counterparty.
- For repurchase transactions, the Fund may suffer substantial loss as there may be delay and difficulties in recovering collateral pledged with the counterparty or the cash originally received may be less than the collateral pledged with the counterparty due to inadequate valuation of the collateral and market movements upon default of the counterparty.

### **Currency and Conversion Risks**

Investors may have to convert Hong Kong dollar or other currencies into RMB when investing in Units of the Fund denominated in RMB, and subsequently convert the RMB redemption proceeds and/or dividend payment (if any) back to Hong Kong dollar or such other currencies. Investors will incur currency conversion costs and investors may suffer losses depending on the exchange rate movements of RMB relative to Hong Kong dollar or such other currencies.

RMB is currently not freely convertible and is subject to exchange controls and restrictions. Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' base currency (for example Hong Kong dollar) will not depreciate. Any depreciation of RMB could adversely affect the value of investor's investment in the Fund. Redemption proceeds and/or dividend payment (if any) that are payable in RMB may be delayed due to exchange controls and restrictions applicable to RMB. Investors may not receive RMB upon redemption of investment.

### **Risks relating to Payment of Dividends out of Capital**

Payment of dividends out of capital or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment, and such distributions may result in an immediate decrease of the NAV per unit of the Fund.

### **Taxation Risks**

Investors should note specific uncertainty in tax position and tax risks relating to potential tax liabilities on income and gains that arise from investing in, holding or disposing of Units in the Fund. Changes in tax regulations and/or tax provisioning policy of the Fund will impact investors. Investors who have sold/redeemed their interests prior to such change may not be impacted. Investors may be advantaged or disadvantaged depending upon whether and how the disposed gains and distributions from the Fund will ultimately be taxed and when the investors invest in the Fund. There are certain risks relating to Mainland tax regime and FATCA, as further described in the section below on "**Taxation**".

### **Risks Associated with Order Routing and Cross Border Transfer**

The MRF is a new initiative. Dealings in Units of the Fund, data transfer of subscription or redemptions, transfer agency functions may be conducted by or through systems, platforms or arrangements which are newly established and operating for MRF. Should there be any

error or delay in the processing of data, registration of Units, transfer or settlement of funds, investors may directly or indirectly suffer losses.

### **Risk Associated to Different Holidays in the Mainland and Hong Kong**

As applications for subscription and redemption of Units of the Fund will be processed only on Joint Business Days, Hong Kong investors would be unable to deal in Units on any day which is not a Hong Kong Business Day or any day which is not a Mainland Working Day (each term as defined above). Hong Kong investors should note that this may significantly impact the ability to subscribe for Units or redeem Units of the Fund, the timing and the price at which a subscription or redemption of Units may be processed.

### **Massive Redemptions Risk**

Massive redemptions of units could require the Manager to liquidate investments of the Fund more rapidly than otherwise desirable in order to raise the necessary cash to fund the redemptions. This could adversely affect the NAV per unit of both units being redeemed and of remaining units. In the worst case, the Fund may have to suspend or delay the redemption process. Please refer to the arrangement around massive redemptions as described in the Prospectus and in the section above “***Suspension of redemption or deferral of redemption payment***”.

### **Other Risks**

This document does not describe all the risks relating to the Fund. Investors should read the chapter on risk disclosures of the Prospectus for other risks relating to the Fund.

### **Taxation**

**Prospective investors should consult their own professional advisers as to the implications of buying, holding or disposing of units in the Fund and as to the applicable tax requirements under the laws of the relevant jurisdiction(s) where they are subject to tax.**

### ***Mainland Tax Considerations***

#### **Taxation for investors**

On 18 December 2015, The Ministry of Finance, the State of Administration of Taxation and the CSRC jointly released the Caishui [2015] No.125 (the “**Notice**”) which specifies the Mainland taxation for investments in Mainland securities investment funds under MRF (“**Recognised Mainland Funds**”) by Hong Kong investors or investors in Hong Kong (“Hong Kong Investors”), and as set out below:

#### **Corporate Income Tax (“CIT”) and Individual Income Tax (“IIT”)**

Income derived from disposal gains of Recognised Mainland Funds by Hong Kong Investors is temporarily exempt from CIT and IIT respectively. Income derived from distributions from Recognised Mainland Funds by Hong Kong investors would not be subject to CIT and IIT respectively.

#### **Business Tax (“BT”)**

BT is temporarily exempted on the disposal gains derived by Hong Kong Investors from trading of units of Recognised Mainland Funds.

#### **Stamp Duty**

Mainland Stamp Duty is temporarily not payable by Hong Kong Investors for the subscription, redemption, purchase, sales, transfer or inheritance of units/shares of Recognised Mainland Funds

#### *Taxation for Mainland Securities Investment Fund*

Pursuant to Caishui [2008] No. 1, gains realized from the trading of Mainland shares and bonds, dividend from Mainland shares, interest from Mainland bonds and other income by Mainland securities investment fund shall be temporarily exempted from CIT.

Pursuant to Caishui [2002] No. 128, listed companies and issuers of bonds should withhold 20% IIT from payment of dividends or interest to a Mainland securities investment fund. Pursuant to the Notice, income tax will be withheld at the rates of 10% and 7% respectively for dividends and interests declared by the Mainland issuers to Recognised Mainland Funds on the portion of dividends and interests attributable to Hong Kong Investors.

In addition, sale of A-Shares and B-Shares ("**Mainland Shares**") is subject to Mainland stamp duty at a rate of 0.1% of the total proceed. However, the purchase of Mainland Shares is not subject to PRC Stamp Duty.

Various tax reform policies have been implemented by the Mainland government in recent years, and existing tax laws and regulations may be revised or amended in the future. There is no assurance that current tax exemptions or incentives will not be abolished in the future. Investors should seek their own tax advice on their Mainland tax position with regard to their investment in the Recognised Mainland Fund.

#### ***Hong Kong Taxation***

For so long as the Fund maintains its authorization with the SFC under the Securities and Futures Ordinance, the Fund is not liable to pay tax on profits arising in or derived from Hong Kong.

Investors resident in Hong Kong will not be subject to Hong Kong tax on distributions from the Fund or on gains realized on the redemption of Units in the Fund unless the acquisition and realization of Units in the Fund is or forms part of a trade, profession or business carried on in Hong Kong and the gains, not being regarded as capital in nature, are derived from or arisen in Hong Kong. Hong Kong stamp duty will not be payable on the issue or redemption and transfer of Units.

The above information relating to taxation is based on the current enacted laws and existing practice of Hong Kong. It is not comprehensive and is subject to change. This information is general in nature and is not provided taking into account specific circumstances of any particular investors.

#### ***FATCA and Identity of Beneficial Ownership and Withholding on Certain Payments***

The Foreign Account Tax Compliance Act ("**FATCA**") is a tax law enacted in the United States (the "**U.S.**") in March 2010 and which requires certain U.S. sourced payments (including dividends and interests, and potentially gross proceeds, paid by US payor made with respect to certain actual and deemed U.S. investments) to be subject to 30% U.S. withholding tax, effective July 2014. In order to avoid such withholding tax, "foreign financial institution" within the meaning of Section 1471(d)(4) of the U.S. Internal Revenue Code of 1986, as amended ("**FFI**") will generally be required to timely register with the United States Internal Revenue Service (the "**Service**") and agree to identify and report information with respect to certain direct and indirect U.S. account holders (including debt-holders and equity-holders). Failure to comply with such requirements may result in 30% withholding tax being applied.

If the Fund becomes subject to such withholding tax, it will reduce the NAV of the Fund by the amount of the withholding imposed and may result in a material loss to investors and inhibit the Fund's ability to pursue its investment strategy.

The PRC has, in June 2014, reached an "agreement in substance" to enter into a Model 1 (reciprocal) inter-governmental agreement with the United States (the "**PRC IGA**") to give effect to the foregoing withholding and reporting rules. While the PRC IGA has not been signed, it is expected that the PRC IGA will be entered into, although it will still need to be brought into force in PRC and enabling legislation in PRC will need to be enacted to give effect to the terms of the PRC IGA under PRC law. Under the PRC IGA and so long as the Manager and the Fund complies with the PRC IGA, the enabling legislation and the US treasury regulations as applicable, the Manager anticipates that the Fund will not be subject to the related U.S. withholding tax.

The Manager has registered as a Reporting Model 1 FFI under FATCA and obtained its Global Intermediary Identification Number ("**GIIN**") as an FFI and as a sponsoring entity. If and when required under applicable law or regulations including such rules relating to the entry into force of the PRC IGA, the Manager shall take such action and introduce additional requirements as necessary to be FATCA compliant. The Manager, as a sponsoring entity, will also assist the Fund in fulfilling the FATCA registration, due diligence, reporting and withholding requirements.

Investors in the Fund may be required to provide to the Manager (or in certain cases, the Hong Kong Representative or an Authorized Distributor, intermediary or certain other entities through which such investor invests (each, an "**Intermediary**")) information for identifying any direct and indirect U.S. ownership. Under the PRC IGA, any such information provided to the Manager (or, if applicable, an Intermediary) will likely be required to be reported to PRC competent authority, instead of reporting directly to the Service, and will be under exchange of information between the PRC and US authorities.

An investor who fails to provide the required information to the Manager (or, if applicable, an Intermediary) for identifying any direct and indirect U.S. ownership, or to register and agree to identify such account holders (as applicable), may be subject to the 30% withholding tax with respect to its share of any U.S. sourced payments. While the Manager intends for the Fund to be FATCA compliant, this cannot be assured due to complexities in the relevant regulations and arrangement and to the potential risks of non-compliance by investors in the Fund. The Manager may take any action permitted in relation to an investor's Units or redemption proceeds to ensure that if the Fund suffers withholding, such withholding is economically borne by the relevant investor whose failure to provide the necessary information or comply with such requirements gave rise to the withholding, subject to applicable laws and regulations and provided that the Manager acts in good faith and on reasonable grounds. If the Fund becomes subject to withholding, this could have an adverse impact on the Fund and its NAV, and amounts subject to withholding may not be refundable to the Fund.

Investors should consult their own tax advisors regarding the possible implications of FATCA rules on their investments in the Fund, their particular circumstances and the information to be provided and disclosed to the Manager (or an Intermediary), which may potentially be ultimately provided to the Service. The foregoing FATCA information does not constitute advice to, and is not intended for reliance as such by, any person.

### **Personal Data (Privacy) Ordinance of Hong Kong**

Hong Kong investors should take note of any information or statement relating to personal data collection in Hong Kong provided by the Manager, the Hong Kong Representative or any Authorized Distributor.

Pursuant to the provisions of the Personal Data (Privacy) Ordinance (Chapter 468 of the Laws of Hong Kong) (“**PDPO**”), the Manager and/or the Hong Kong Representative and/or Authorized Distributor, or their agents or delegates, (each a “**Data User**”), may collect, hold, use personal data of individual investors in the Fund only for the purposes for which such data was collected, principally in connection with the dealing and/or holding of Units in the Fund or such other purposes as expressly stated and agreed. Investors should note that data may be transferred outside of Hong Kong, including to the Manager or its agents or delegates in the Mainland. Data Users shall comply with relevant personal data protection principles, and/or requirements as set out in the PDPO and all other applicable regulations and rules governing personal data use in Hong Kong from time to time. Accordingly, each Data User shall take all practicable steps to ensure that the personal data collected, held and processed by them are protected against unauthorized or accidental access, processing, erasure or other use.

### **Enquiries and Complaints**

All enquiries and complaints relating to the Fund and requests to view or obtain documents relating to the Fund should be addressed to the Hong Kong Representative, **Principal Investment & Retirement Services Limited**, at the address: 30/F, Millennium City 6, 392 Kwun Tong Road, Kwun Tong, Kowloon. **Principal Investment & Retirement Services Limited** can also be contacted by telephone at +852 2117 8383.

The Hong Kong Representative will respond to investor's enquires or complaints in writing as soon as practicable.

### **Availability of Documents**

For as long as the Fund maintains its authorization with the SFC, copies of the following documents in relation to the Fund may be inspected free of charge during usual business hours at the offices of Hong Kong Representative (whose address is given above) and copies obtained at a reasonable charge (except for items (a) and (d) copies of which can be obtained free of charge):

- (a) the current version of the Prospectus of the Fund, this document and the Product Key Facts Statement of the Fund which are part of the Hong Kong offering documents, which shall be available in English and Traditional Chinese;
- (b) the constitutive document of the Fund, being the fund contract between CCB Principal Asset Management Co., Ltd. as the Manager and Industrial and Commercial Bank of China Limited as the Custodian registered with the CSRC, as amended from time to time, which shall be available in Simplified Chinese (except for specific information made available in English and Traditional Chinese upon request of investors);
- (c) the custodian agreement of the Fund between the Manager and the Custodian, which shall be available in Simplified Chinese;
- (d) the latest published Reports, which shall be available in Simplified Chinese(except for specific information made available in English and Traditional Chinese upon request of investors);
- (e) the Agreement appointing the Hong Kong Representative to act as such, which shall be available in English and Traditional Chinese;
- (f) the notices and announcements relating to the Fund to Hong Kong investors, which shall be available in English and Traditional Chinese; and
- (g) such other documents relating to the Fund as listed in the Prospectus as available for inspection by investors, which shall be available in Simplified Chinese.

### **Solicitors**



The Hong Kong solicitors firm to the Manager in respect of the Fund is ***Vivien Teu & Co LLP*** at 17/F, 29 Wyndham Street, Central, Hong Kong.

# **CCB Principal Selected Growth Mixed Asset Fund Prospectus (Updated)**

**Fund Manager:** CCB Principal Asset Management Co., Ltd.

**Fund Custodian:** Industrial and Commercial Bank of China Limited

**November 2020**

## **[Important Information]**

The Fund was offered upon approval by the CSRC on July 27, 2006 in its approval document Zheng Jian Ji Jin Zi [2006] No. 147. The Fund Contract of the Fund shall take effect on September 8, 2006.

The Fund Manager warrants that the contents of the Prospectus are true, accurate and complete. The Prospectus has been approved by the CSRC, but the CSRC's approval of the Offering of the Fund neither represents its substantive judgment or guarantee on the value or return of the Fund, nor indicates that there is no risk when investing in the Fund.

The Fund Manager shall manage and use Fund assets with due diligence, good faith and prudence. However, it does not guarantee any profits or minimum returns of the Fund.

The Fund shall invest in securities market where the Net Asset Value of the Fund will fluctuate due to fluctuations or other factors in the market. Therefore, before investing on the Fund, Investors should obtain a good understanding of the Fund's characteristics and undertake various risks arising from the investment in the Fund, including: systematic risks arising from the overall political, economic, social and environmental impact on the prices of securities, non-systematic risks of individual securities, liquidity risks arising from continuing massive redemption by the investors, operational risks arising from fund investment process, specific risks of the Fund, etc. The Fund's scope of investment involves depositary receipts, apart from the common risks faced by the funds which invest only in the Shanghai Stock Exchange and the Shenzhen Stock Exchange, the Fund will also be facing the risk of price volatility associated with Chinese depositary receipts which may incur a risk of larger financial loss, and related risks associated with the Chinese depositary receipts issuance mechanism. Investors shall carefully read the Prospectus, the Fund Contract and the Fund product information summary before making any investment decisions.

The Fund's past performance is not indicative of its future performance.

The Fund's current update of the Prospectus is to update the revisions to the Fund Contract and Custodian Agreement and the relevant information of directors, supervisors, and members of investment decision-making committee. The other content contained in the Prospectus is up to 25 October 2019, and the related financial data contained in the Prospectus is up to 30 September 2019 (unaudited).

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## **I. Introduction**

The Prospectus of CCB Principal Selected Growth Mixed Asset Fund (hereinafter referred to as "the Prospectus") has been prepared in accordance with the Law on Securities Investment Fund of the People's Republic of China (hereinafter referred to as "the Fund Law"), Administrative Measures for the Operation of Publicly Offered Securities Investment Funds (hereinafter referred to as "Measures for Operation"), Administrative Measures for the Sale of Publicly Offered Securities Investment Funds (hereinafter referred to as this "Measures for Sale"), Measures for the Administration of Disclosure of Information on Publicly Offered Securities Investment Funds (hereinafter referred to as "Measures for Information Disclosure"), the Rules of Liquidity Risk Management for Publicly Offered Open-ended Securities Investment Funds (hereinafter referred to as "Liquidity Risk Management Rules") and other relevant laws and regulations and the Fund Contract of CCB Principal Selected Growth Mixed Asset Fund (hereinafter referred to as "the Fund Contract").

The Prospectus describes the investment objectives, investment strategy, risks, fees, rates and all the necessary information related to investment decisions of the Investors of CCB Principal Selected Growth Mixed Asset Fund. Before making investment decisions, investors are advised to read through the Prospectus carefully.

The Fund Manager warrants that there are no false or misleading statements or material omissions in this Prospectus, and it shall be responsible for the truthfulness, accuracy and completeness of the Prospectus. The application for the Offering of the Fund is made according to the information set out in the Prospectus. CCB Principal Asset Management Co., Ltd. is responsible for making any explanation of the Prospectus. The Fund Manager does not entrust or authorize any person to provide any information that is not disclosed in this Prospectus or to make any explanation or clarification of this Prospectus.

The Prospectus has been prepared in accordance with the Fund Contract of the Fund and approved by the CSRC. The Fund Contract is a legal document

stipulating the rights and obligations of the parties to the Fund Contract. Fund Investors will become Fund Unitholders and parties to the Fund Contract from the date they acquire Fund Units pursuant to the Fund Contract. Their holding of Fund Units indicates their acknowledgment and acceptance of the Fund Contract and they shall enjoy rights and assume obligations pursuant to the Fund Law, the Fund Contract and other relevant provisions. Fund Investors shall carefully read the Fund Contract to understand the rights and obligations of Fund Unitholders.



## II. Definition

Unless the context otherwise requires, the following words or abbreviations contained in the Prospectus shall be defined as follows:

- |   |   |
|---|---|
| 1. Fund or the Fund                     | means CCB Principal Selected Growth Mixed Asset Fund as offered pursuant to the Fund Contract   |
| 2. Fund Manager or the Fund Manager     | means CCB Principal Asset Management Co., Ltd.  |
| 3. Fund Custodian or the Fund Custodian | means Industrial and Commercial Bank of China Limited   |
| 4. Fund Contract                        | means the Fund Contract of CCB Principal Selected Growth Mixed Asset Fund and any effective amendment and supplement thereto  |
| 5. Custodian Agreement                  | means the Custodian Agreement for CCB Principal Selected Growth Mixed Asset Fund executed between the Fund Manager and the Fund Custodian concerning the Fund, and any effective modification and supplement to the Custodian Agreement   |
| 6. Prospectus or the Prospectus         | means the Prospectus of CCB Principal Selected Growth Mixed Asset Fund  |
| 7. Updated Prospectus                   | means the Updated Prospectus of CCB Principal Selected Growth Mixed Asset Fund, namely, any updates to the Prospectus related to introduction, investment portfolio announcement, business performance and material changes of the Fund, and any other matters shall be disclosed as in accordance with the laws and regulations, after the date of the Fund Contract |
| 8. Offering Announcement                | means the Offering Announcement of Units of CCB Principal Selected Growth Mixed Asset   |

	Fund
9. Laws and Regulations	means the currently applicable laws, administrative rules, regulations made by the governmental departments, normative documents, local rules, local governmental regulations and regulatory documents as promulgated in China
10. Fund Law:	means the Law on Securities Investment Fund of the People's Republic of China
11. Measures for Operation	means the Administrative Measures for the Operation of Publicly Offered Securities Investment Funds
12. Measures for Sale	means the Administrative Measures for the Sale of Publicly Offered Securities Investment Funds
13. Liquidity Risk Management Rules	means the Rules of Liquidity Risk Management for Publicly Offered Open-ended Securities Investment Funds issued by the CSRC on 31 August 2017 and effective from 1 October of the same year and any amendment thereto made by it from time to time
14. Measures for Information Disclosure	means the Measures for the Administration of Disclosure of Information on Publicly Offered Securities Investment Funds
15. CSRC	means the China Securities Regulatory Commission
16. Banking Regulatory Authority	means the China Banking Regulatory Commission and other organizations authorized by the State Council
17. Party (Parties) to the Fund Contract	means legal entities bound by the Fund Contract, assuming rights and obligations thereunder, including the Fund Manager, Fund Custodian and Fund Unitholders

- |  |   |
|--|---|
| 18. Individual Investor                      | means natural persons qualified as provided by applicable laws and regulations to make investment in open-ended securities investment funds   |
| 19. Institutional Investor                   | means legal persons, public institutions and other social organizations or agencies that are lawfully registered within the Chinese territory or established by approval of competent government authorities to make investment in open-ended securities investment funds in compliance with the laws and regulations |
| 20. Qualified Foreign Institutional Investor | means foreign institutional investors qualified as provided by the laws and regulations to make investment in securities within the Chinese territory   |
| 21. Investor                                 | means Individual Investors, Institutional Investors or Qualified Foreign Institutional Investors  |
| 22. Fund Unitholder                          | means Investors who acquires Fund Units in accordance with the Fund Contract or relevant documents  |
| 23. Fund Sales Business                      | means initial subscription, subscription, redemption, switching, non-trade transfer, custody transfer, pre-authorized contribution in regular period with regular amount and other business(es) of the Fund   |
| 24. Sales Agency                             | means the Fund Manager and the Fund Consignment Agency  |
| 25. Direct Sales Agency                      | means CCB Principal Asset Management Co., Ltd.  |
| 26. Consignment Agency                       | means the agency involved in the subscription and redemption of the Fund and other Fund business pursuant to relevant agreement on  |

	sales and service of the Fund
27. Fund Sales Outlet	means the direct outlets of the Fund Manager and the consignment outlets of the Fund Consignment Agency
28. Registration Business	means Fund registration, depository, clearing and settlement business(es), including Investor's Fund Account management, registration and clearing of Fund Unit(s) and Fund trading confirmation, dividend distribution, and establishment and safekeeping of Fund Unitholder registration
29. Registration Agency	means CCB Principal Asset Management Co., Ltd. or other engaged qualified organizations
30. Registration System	The open-ended fund registration and clearing system of the Registration Agency
31. Fund Account	means the voucher issued by the Fund Registration Agency for Investors for the purpose of recording the information on units of open-ended funds held by Investors managed by the Fund Manager
32. Trading Account of the Fund	means the account opened by the Sales Agency for Investors for the purpose of recording the information on changes and balances of Fund Units caused by the Fund transaction through the Sales Agency
33. Effective Date of the Fund Contract	means the date on which the Fund Manager engages statutory organization to verify the capital, finish all the Fund registration procedures and obtain written confirmation of the CSRC after the offering of the Fund meets the conditions of the laws and regulations and the Fund Contract.
34. Termination Date of the	means the date on which the Fund Contract is

Fund Contract	terminated in accordance with requirements thereto when the causes for termination of the Fund Contract specified in such Contract occur
35. Fund Offering Period	means the period of no more than three months starting from the offering date of Fund Units
36. Duration	means the irregularly determined period of time during which the Fund Contract remains effective after it comes into force
37. Working Day	means any regular working day of the Shanghai Stock Exchange and the Shenzhen Stock Exchange
38. Day T	means the application day of subscription, redemption and other Fund businesses
39. Day T+n	means the nth working day after Day T (exclusive of Day T)
40. Open Day	means the date(s) when the Sales Agency deals with subscription and redemption business of the Fund
41. Trading Time	means a period of time on an open day when the subscription, redemption or other transaction of the Fund is accepted. The specific trading time is stated in the Offering Announcement of Fund Units, the Prospectus or other announcement made by the Fund Manager from time to time
42. Initial Subscription	means the act that Investor subscribe Fund Units within the Fund Offering Period
43. Subscription	means the act that a Fund Investor propose to buy Fund Units to the Fund Manager in accordance with the formalities specified by the Fund Sales Outlet. The daily subscription of the Fund shall be processed within three months after the Fund Contract comes into effect

44. Redemption means the act that a Fund Investor(s) propose to buy Fund Units to the Fund Manager in accordance with the formalities specified by the Fund Sales Outlet. The daily redemption of the Fund shall be processed within three months after the Fund Contract comes into effect
45. Fund Switching means the act that Investors apply to the Fund Manager for switching part or all of the units of any open-ended Fund (switch-out Fund) he/she holds and managed by Fund Manager to units of any other open-ended Fund (switch-in Fund) managed by Fund Manager
46. Custody Transfer means the business that Investors transfer Fund Units in the same Fund Account held by him/her from one trading account to another trading account
47. Massive Redemption means on a single open day of the Fund, the Units of net redemption application of the Fund (the total Units of redemption application of the Fund plus the total Units of the switching-out application Units in the Fund switching, with the total units of subscription application and the balance of the total switching-in application Units in Fund switching deducted) exceeds 10% of the total Fund Units on the previous day
48. RMB means the currency used in China
49. Fund Income means bonus, dividend, bond interest from the Fund's investments, income from note investment, spreads of securities trading, interest income of bank deposits and other income.
50. Total Asset Value of the Fund means the sum of the value of assets such as all types of securities and bills, the principal and

- interests of bank deposits, Subscription amounts receivable for the Fund and other investment made by the Fund.
51. Net Asset Value of the Fund: means the net asset value calculated by deducting liabilities from the Total Asset Value of the Fund
52. Net Asset Value per Unit of the Fund means the net asset value of each fund unit
53. Valuation of Fund Assets means the process of estimating the value of the assets and liabilities of the Fund to determine the Net Asset Value of the Fund
54. Designated Media means national newspapers and websites designated by the CSRC for the disclosure of information (including the websites of the Fund Manager, the Fund Custodian and the digital disclosure website of the CSRC) and other media outlets
55. Force Majeure means any and all events that could not have been foreseen, resisted or avoided by the Party (Parties) to the Fund Contract and happen after the Fund Contract is signed by the Fund Custodian and the Fund Manager, resulting the Party (Parties) to the Fund Contract failing to fulfill part or all of their obligations under the Fund Contract. Such events include but not limit to natural disasters such as flood and earthquake, war, riot, fire hazards, requisition or expropriation by government, change of the laws and regulations, sudden power outage, or other emergency, abnormal suspension or cease of transaction in securities exchange
56. Fund Unit Type means that Units of CCB Principal Selected Growth Mixed Asset Fund offered in different

- regions are divided into different classes that are designated different codes. Net Asset Value per Unit of each class shall be calculated and announced separately
57. Class A Fund Units or A Units means the Fund Unit(s) sold within the territory of the People's Republic of China (only for the purpose of the Fund Contract, not including Hong Kong Special Administrative Region, Macao Special Administrative Region or Taiwan region)
58. Class H Fund Units or H Units means the Fund Unit(s) sold within Hong Kong Special Administrative Region
59. Hong Kong Representative means the representative of the Fund in Hong Kong entrusted in accordance with Circular on Mutual Recognition of Fund (MRF) between the Mainland and Hong Kong promulgated by the Hong Kong Securities and Futures Commission on May 22 2015 and implemented on July 1 2015 and other regulations of Hong Kong, who is responsible for receiving Subscription and Redemption applications from investors in Hong Kong, co-ordinating the sales of the Fund, making filings to the Hong Kong Securities and Futures Commission, conducting information disclosure of and communication with investors in Hong Kong and undertaking other responsibilities as required by the regulations of Hong Kong
60. China means The People's Republic of China (for the purpose of the Fund, not including Hong Kong Special Administrative Region, Macao Special Administrative Region or Taiwan region)
61. Hong Kong means Hong Kong Special Administrative



62. Illiquid Assets	<p>Region</p> <p>means any asset not capable of being liquidated at a reasonable price due to laws, regulations, contractual, operational difficulties or other reasons, including but not limited to reverse repurchase with a maturity of over 10 trading days and bank deposits (including those with agreed conditional early withdrawal), suspended stocks, new stocks subject to retention, and non-publicly offered stocks, asset-backed securities, and bonds that cannot be transferred or traded due to default by the issuer</p>
63. Fund Product Information Summary	CCB Principal Selected Growth Mixed Asset Fund's Fund Product Information Summary and updates

### III. Fund Manager

#### (I) Summary of the Fund Manager

Name:	CCB Principal Asset Management Co., Ltd.
Domicile:	16/F, Winland International Financial Center, 7 Jinrong Street, Xicheng District, Beijing
Office Address:	16/F, Winland International Financial Center, 7 Jinrong Street, Xicheng District, Beijing
Date of Establishment:	September 19, 2005
Legal Representative:	Sun Zhichen
Contact:	Guo Yali
Telephone:	010-66228888
Registered Capital:	RMB 200 million

CCB Principal Asset Management Co., Ltd. was established with the approval of the CSRC under Zheng Jian Ji Jin Zi [2005] No. 158 document. Shareholding structure of the Company is the following: China Construction Bank Corporation, 65%; Principal Financial Group Inc, 25%; China Capital Holdings Co., Ltd., 10%.

The Fund Manager features fine corporate governance structure and standardized business activities, is capable of protecting interests of Investors. The shareholder's meeting is the authority of the Company which consists of all shareholders, who all serve to develop policies of the Company and responsible for the election and replacement of the directors or supervisors. As clearly specified in the articles of association, directors of the Company shall exercise their rights by law via the shareholder's meeting and shall not intervene in operation and management of the Company or investment and operation of Fund assets in any direct or indirect manner.

Board of directors serves as the decision-making body of the Company and shall be responsible to and report to the shareholder's meeting. The board of directors of the Company consists of nine directors, including three independent directors. As specified by the articles of association, the board of directors shall exercise such rights as provided by the Company Law in relation to decision-making on relevant material matters, formulation of the Company's basic systems and supervision and reward and punishment of persons responsible for operation management including the president.

Board of supervisors of the Company consists of six supervisors, including three staff representatives serving as supervisor. Board of supervisors shall be responsible to the shareholder's meeting and be mainly liable for the inspection of the Company's financial situation and supervision over due diligence of directors and senior management of the Company.

## **(II) Information of Key Personnel**

### **1. Board of Directors**

Mr. Sun Zhichen, chairman of the board. He obtained his bachelor's degree in economics from the Dongbei University of Finance and Economics in 1985 and a master's degree in EMBA from the Cheung Kong Graduate School of Business in 2006. He was deputy department chief of the securities department and the financing department, department chief of the financing department and the retail business department, director of the securities department, and assistant general manager of the personal banking business department of China Construction Bank. He has been appointed as the president of CCB Principal Asset Management Co., Ltd. since September 2005, and has been appointed as the chairman of CCB Principal Asset Management Co., Ltd. since April 2018.

Mr. Zhang Junhong, member of the board, currently the president of CCB Principal Asset Management Co., Ltd.. He graduated from National Administration Institute in the discipline of administration management, and was awarded with a doctor's degree. He has consecutively served as the staff member, deputy manager and manager of the fund of saving business department, the staff

of retail business department, the deputy manager and senior deputy manager of personal banking business department, the secretary (senior and deputy manager level) to the secretary to the divisional chief (division one), secretary, senior manager; assistant to general manager and deputy general manager in the investment custody services department, deputy general manager of investment custody business department, and deputy general manager of asset custody department of the Head Office of China Construction Bank. He has held the position of chairman of the board of supervisors since March 2017. He has been appointed as the president of CCB Principal Asset Management Co., Ltd. since April 2018.

Mr. Cao Wei, member of the board, president of CCB Pension Management Co., Ltd. He obtained a master's degree in Chinese studies from the Beijing Normal University in 1990. He was the deputy general manager of the savings securities department in the Beijing Branch of China Construction Bank, the deputy governor of the Anhua Branch of China Construction Bank and West Four Branch in Beijing, the governor of the Chaoyang Branch of China Construction Bank in Beijing, the general manager of the personal banking department of the Beijing Branch of China Construction Bank, the general manager assistant of the personal savings and investment department of China Construction Bank Head Office, Deputy General Manager and General Manager of the Personal Finance Department of China Construction Bank Head Office and president of CCB Pension Management Co., Ltd.

Mr. Zhang Weiyi, member of the board, senior vice president of Principal Financial Group and president of CCB in Asia. He obtained a bachelor's degree in economics from the London School of Economics and Political Science in 1990, and a master's degrees in EMBA from both the University of Washington and the Fudan University in 2012. He was the deputy department chief of the public service commission (Singapore), business development inspector-general of Singapore Telecommunications Limited, the COO and acting general manager of CITIC-Prudential Fund Management Co, Ltd., the CEO of Prudential Assurance Malaysia Berhad, deputy president of Manulife Financial Corporation, as well as the CEO, executive director of Manulife Asset Management (Taiwan)

Co. Ltd, and both the vice president and president of CCB in North Asia, president of Principal International (Asia Region) and senior vice president of Principal Financial Group.

Mr. Zheng Shuming, member of the board, currently the CEO of Principal International (Asia) Ltd.. He graduated from the National University of Singapore in 1989. He has consecutively served as the senior audit manager of Pricewaterscooper (Singapore), general manager, operating officer and CEO BNP Paribas (Singapore) Asset Management and the marketing officer of Edward De Rothschild (Asia) Limited and both Chief Operating Officer and Chief Executive Officer of Principal International (Asia) Limited.

Mr. Wang Zhiping, director, currently a member of the committee and deputy general manager of China Huadian Group Capital Holdings Co., Ltd. He graduated from Xiangtan Mining Institute with a bachelor's degree in engineering. He served as a cadre of the Machinery Division of the Beijing Water Conservancy Bureau, a cadre and a member of the General Office of the Ministry of Personnel, an assistant and secretary of the special inspector of the General Office of the State Council, a full-time supervisor of staff member level, a full-time supervisor of the deputy staff level and principal staff member of the supervisory board of a major state-owned enterprise, principal staff member of the Enterprise Distribution Bureau, deputy director of the Supporting Reform Division, deputy director of the Distribution Control Division, Investigator of the State-owned Assets Supervision and Administration Commission of the State Council, assistant to the general manager of China Huadian Group Capital Holdings Co., Ltd., member of the committee and deputy general manager of China Huadian Group Capital Holdings Co., Ltd.

Ms. Zhang Ran, independent director, currently a professor and doctoral supervisor of the accountancy department of Renmin University of China Business. She received a doctorate in business administration from Liz Business School of the University of Colorado in the United States in 2006. She is a National Young Changjiang Scholar, a National Accounting Leading Talent, and Deputy Secretary-General of the China Accounting Academy. From 2006 to

2019, she taught at Peking University Guanghua School of Management and is now a professor and doctoral supervisor of the accountancy department of Renmin University of China Business School.

Ms. Shi Yaping, independent director, currently the chief operating officer of Metropoly Holdings Limited. She graduated from Economic Trade University with a master of international finance in 1994; She graduated from the graduate school of Yale University in 1996, with a master degree in economics. She has performed managerial role at various financial institutions such as Metropoly Holdings Limited, Standard Pooh, England National Trust Bank, Nomura Securities (Asia), Lehman Brothers (Asia), China Investment Limited, Wellington Asset Management Limited and China Capital Investment Group.

Mr. Qiu Qingzhi, independent director, currently the chief partner of Baker Tilly International Limited. He graduated from Hunan University and was awarded an EMBA degree. He was a chartered accountant in the PRC; a registered asset valuer; senior accountant; and a registered accountant in Australia. He joined Baker Tilly in October 1999 and is currently the chief partner of the company.

## **2. Members of Board of Supervisors**

Ms. Ma Meiqin, chairman of the board of supervisors. Senior economist. She graduated with a bachelor degree from China Central Financial Institute. She was awarded with an MBA from Changjiang Business School in 2009. She joined China Construction Bank in 1984, and has consecutively served as the department head, deputy department head and senior customer manager (unit no.2) of financing and savings department (headquarters), retail banking department (headquarters) and personal banking department (headquarters), deputy general manager of personal finance department and deputy general manager of personal savings and investment department of China Construction Bank Head Office. She has hold the position of chairman of the board of supervisors since May 2018.

Ms. Fang Rongmin, supervisor, chief lawyer of Principal International in Asia. In 1990, she obtained an LLB in the National University of Singapore and lawyer

qualifications in Singapore, England, Wales and Hong Kong. She once served as area director of new markets development in Prudential, and deputy president of Accident & Health Insurance in the AIG.

Ms. Li Yijun, supervisor, senior accountant, currently the manager of the institution and strategic research department in China Huadian Corporation Capital Holdings Co., Ltd. She obtained a bachelor's degree in industrial accounting of the Beijing University of Technology in 1992, and a master's degree in accounting in the Central University of Finance and Economics in 2009. She worked at Beijing BeiAo Group Corp., Ltd., Zhongjin Certified Public Accountants, China Ruihua Hengxin Certified Public Accountants. In 2004, Ms. Li joined the China Huadian Group, and has worked as the assistant manager and deputy manager of the financial & planning department in China Huadian Finance Corporation Limited, manager of the strategy finance department, manager of the finance department, manager of the corporate finance department, manager of institutional and risk management department, and manager of institutional and strategic development department of China Huadian Corporation Capital Holdings Co., Ltd.

Mr. An Ye, employee supervisor, supervisor, currently the chief information technology officer of CCB Principal Asset Management Co., Ltd. In 1995, he obtained a bachelor's degree in applied computer science in the Beijing University of Technology. He joined China Construction Bank in August 1995, and was project manager and acting general manager of the Beijing development centre of IT management department of China Construction Bank. He joined CCB Principal Asset Management Co., Ltd. in August 2005 and he worked consecutively as assistant to general manager, deputy general manager, acting general manager, general manager of information technology department director of information technology and general manager of financial technology department and chief information technology officer of CCB Principal Asset Management Co., Ltd.

Ms. Yan Bing, employee supervisor, currently the general manager of the human resources department of CCB Principal Asset Management Co., Ltd.. She

graduated from Remin University of China with a degree of administrative management in July 2003, and was awarded a master degree. She has worked as a human resources specialist with the human resources department of Ernst & Young. She joined CCB Principal Asset Management Co., Ltd. in August 2005, and has worked consecutively as the human resources specialist, director, and assistant to general manager, deputy general manager and general manager.

Ms. Liu Ying, employee supervisor, ACCA senior member, currently the general manager of the audit department of CCB Principal Asset Management Co., Ltd., She is a senior member of the Association of Chartered Certified Accountants (ACCA) of the United Kingdom. In 1997, she obtained a bachelor's degree in accounting in the Renmin University of China; in 2010, she obtained a master's degree in business administration in the Chinese University of Hong Kong. She has worked successively as senior auditor in the KMPG and senior manager of fund operation department in China Asset Management Co., Ltd. She joined CCB Principal Asset Management Co., Ltd. in December 2006 and has served as the supervisor and audit specialist, audit supervisor, the senior auditor, the deputy general manager of the internal control and compliance department, the deputy general manager of the internal control and compliance department and general manager of the audit and internal control compliance department (level 2) and general manager of the audit department.

### **3. Senior Management**

Mr. Zhang Junhong, president (CV available in the introduction of members of the board).

Mr. Zhang Weiwei, deputy president, master degree holder. He joined and successively worked as clerk and senior clerk of financing department in the Liaoning Branch of China Construction Bank in July 1997; He joined and worked as senior clerk and senior deputy manager of the personal banking business department of China Construction Bank Head Office in January 2001. In September 2005, he joined CCB Principal Asset Management Co., Ltd. Since August 6, 2015, he has held the position of deputy president in CCB Principal Asset Management. He served as the chief information officer since July 18,



2019.

Mr. Wu Chuming, vice chairman, master degree holder. From July 1992 to August 1996, he worked in the head office of Material Trading Company of Hunan Province; in July 1999, he joined the headquarters of China Construction Bank, consecutively worked in the business department, credit and securities businesses of operation department, financial institution department and institutional business department; and held the positions of staff member, deputy senior clerk, senior clerk and senior deputy manager of institutional business department. In March 2006, he joined CCB Principal Asset Management Co., Ltd., and held the position of secretary to directorate and director of general management department. Since August 6, 2015, he has held the position of chief compliance officer in CCB Principal Asset Management. He has held the position of vice chairman since 23 December 2016.

Ms. Wu Lingling, vice chairman, master degree holder. She worked in Donghai Jing Mao Securities Co., Ltd. (Fujian) from July 1996 to September 1998. She joined the headquarters of China Construction Bank in July 2001 and has worked consecutively as senior clerk and assistant to the senior manager of the HR department in China Construction Bank. She joined CCB Principal Asset Management Co., Ltd. in September 2005 and has worked consecutively as assistant to the director, assistant director and director of the HR management department. She has held the position of vice chairman since 23 December 2016.

Mr. Ma Yong, vice chairman, master degree holder. He worked at the Jiangsu Province Machinery Research and Design Institute Co., Ltd. from August 1993 to August 1995. He joined the main branch of the China Construction Bank in July 1998 and has worked consecutively as senior staff member, principal staff member, secretary, senior managerial secretary, assistant general manager of the high-end client department, assistant general manager and deputy general manager of the wealth management and personal banking department, and the deputy president of the Heilongjiang province branch of the China Construction Bank. On 30 August 2018 he joined CCB Principal Asset Management Co., Ltd., and worked as the vice president since 13 November 2018; he worked simultaneously as the chairman of the substantially owned subsidiary of the

Company, CCB Capital Management Co., Ltd. since 1 November 2018.

#### **4. General Supervisor**

Mr. Wu Chuming, chief compliance officer (please refer to the section headed “senior management” for his resume).

#### **5. Fund Manager**

Ms. Yao Jin, doctoral degree holder, general manager of the equities investment department. She was formerly an engineer in Tianjin Samsung Electronics Co., Ltd., and consecutively a researcher, deputy director of the research department, director of the research department, assistant general manager and research director of investment department in Tianhong Asset Management Co., Ltd. From March 17, 2009 to March 3, 2011, she worked as fund manager of TianHong YongLi Bond Fund; from December 17, 2009 to May 5, 2011, fund manager of Tianhong Cyclical Strategy Stock Fund. She is currently deputy general manager of equity investment department and chief strategist of fund research department in the CCB, general manager of the equities investment department; since February 17, 2012, she had worked as the fund manager of the CCB Principal Selected Growth Mixed Asset Fund; from August 14, 2012 to March 6, 2014 as the fund manager of CCB Social Responsibility Equity Fund; and as the fund manager of CCB Preservation Fund since January 20, 2014, which has been transformed into CCB Mixed Securities Investment Fund for active configuration and is represented by Ms. Yao. She had worked as the fund manager of CCB Principal Hexin Jingxuan Mixed Investment Fund between June 2017 and 12 September 2018, and had worked as the fund manager of CCB Principal Longtou Enterprises Equity Investment Fund since 24 January 2018.

#### **6. Members of Investment Decision-making Commission**

Mr. Zhang Junhong, chairman.

Mr. Tao Can, executive general manager of the equity investment department.

Ms. Li Qing, general manager of the department of fixed income investment.

Mr. Qiao Liang, general manager of the research department.

Ms. Yao Jin, chief strategy officer of the equity investment department.

Ms. Zhu Hong, deputy general manager of the fixed income investment department.

### **(III) Responsibilities of the Fund Manager**

1. To raise funds according to the law, and to undertake or authorize other agencies confirmed by the CSRC to undertake Offering, Subscription, Redemption and registration of Fund Units;
2. To undertake the filing procedure of the Fund;
3. To separately manage and maintain accounts of different assets of the Fund and carry out securities investment;
4. To determine the income distribution plan of the Fund in accordance with the Fund Contract and to promptly distribute the income of the Fund to Unitholders;
5. To carry out accounting and prepare financial accounting report of the Fund;
6. To prepare interim and annual reports of the Fund;
7. To calculate and announce the Net Value of the Fund and determine the Subscription and Redemption prices of Fund Units;
8. To carry out information disclosure matters in relation to business activities associated with management of Fund assets;
9. To convene general meeting of Fund Unitholders;
10. To keep records/books, statements and other materials in respect of business activities associated with management of Fund assets;
11. To exercise the right to commence legal actions or other legal proceedings on behalf of the Unitholders in the name of the Fund Manager;
12. Other responsibilities as stipulated by the CSRC.

#### **(IV) Undertakings of the Fund Manager**

1. The Fund Manager undertakes to strictly abide by the Fund Law and relevant laws and regulations, to prevent the violation of the Fund Contract and above-mentioned laws and regulations by establishing a robust internal control system and taking effective measures;
2. The Fund Manager undertakes to prevent the occurrence of the following prohibited acts:
  - (1) Mixing the Fund Manager's own assets or third party's assets with the Fund assets in investment in securities;
  - (2) To treat different kinds of managed Fund assets unequally;
  - (3) Utilising the Fund assets to obtain benefits of a third party other than the Unitholders;
  - (4) Making promise of income or undertaking of losses of the Unitholders in breach of regulations;
  - (5) To commit any act prohibited by the laws and regulations and the CSRC.
3. Undertakings of Fund Manager(s)
  - (1) To pursue, with prudence, the maximum benefit for Fund Unitholders in accordance with the relevant laws and regulations and the Fund Contract;
  - (2) Not to seek improper interests for himself, parties that he acts for or represents, his employers or any third party by taking advantage of his/her post;
  - (3) Not to disclose any confidential information securities or the Fund known during his term of office, or any information not yet legally disclosed to the public including the investment contents of the Fund or investment plans of the Fund;
  - (4) Not to engage in any form of securities transactions for other organizations or individuals.

## **(V) Internal Control System of the Fund Manager**

### **1. Principles of Internal Control**

- (1) Principle of Comprehensiveness: Internal control should involve in each of the Company's businesses, departments or agencies and personnel at all levels, and cover all aspects of the decision-making, implementation, supervision and feedback.
- (2) Principle of Independence: The Company appoints the general supervisor and sets up the supervision and audit department, which maintains high degree of independence and authority.
- (3) Principle of Mutual Restraint: Departments and positions within the Company shall be set up with clear and specialized accountability and checks and balances and shall eliminate blind spots in internal control via feasible measures of mutual restraints.
- (4) Principle of Effectiveness: Internal risk control of the Company shall from a practical perspective and thus exercise control of all kinds of operation risk mainly via control over operation procedures.
- (5) Principle of Firewall: Relevant departments of the Company in relation to investment management, Fund operation as well as technical computer systems shall be both physically and systematically isolated in an appropriate manner. Strict procedures for approval and measures for supervision and punishment shall be adopted with regard to persons in need of knowledge of insider information due to business needs.
- (6) Principle of Timeliness: Establishment of the Company's internal risk control system shall be forward-looking and shall be respectively modified and improved in accordance with changes to the internal environment such as the Company's operation strategies, operation policies and operation philosophy as well as changes to the external environment such as national

laws, regulations and policies.

## 2. Organizational System of Internal Control

### (1) Control Environment

The board of directors of the Company places great importance on corporate governance system and internal control system of the Company. The Company has set up the audit and risk control committee under the board of directors, which shall be responsible for inspection and assessment of legality and compliance of the Company's operation management and business operations of the Fund, assessment on the effectiveness of the supervision and audit system of the Company, supervision of the financial situation of the Company, examination of the financial statements of the Company, assessment of the financial performance of the Company and ensuring the financial operation of the Company to be in compliance with laws and existing accounting standards.

Led by the general manager, the management of the Company shall properly implement such internal control strategies as determined by the board of directors; In order to effectively implement the operation policies and development strategies set by the board of directors of the Company, the investment decision-making commission is set up to provide professional opinions and advice on Fund investment. In addition, the risk management committee is set up by senior management of the Company, to be responsible for the analysis of risks arising from the operation management of the Company and Fund operation, formulation of corresponding control system and implementation of relevant measures for risk control.

Furthermore, the Company has appointed a general supervisor who shall be fully responsible for supervision and audit of the Company, conduct comprehensive inspection and supervision of legality, compliance and rationality of the Company as well as Fund operation, participation in risk control of the Company, and report material risk to the chairman of the Company and the CSRC.

### (2) Risk Assessment

Risk control staff of the Company shall regularly assess the Company's risk condition, taking into account any internal and external factors that may negatively impact on the operation objectives, assess the extent and possibility of the impact of such factors on the Company's general operation objective, and submit assessment reports to the board of directors and senior management of the Company.

### (3) Operational Control

The design of internal organizational structure of the Company reflects the division of responsibilities between departments, and the inter-departmental structure complies with the principle of mutual cooperation and mutual restraints. There is a clear division of authority on the funds asset management department, funds operation department and business department, etc. Operation of each department is independent from each other and there is an independent reporting system in each department. All business departments are subject to mutual supervision and mutual restraint.

Positions within each business department are subject to pertinent level of division of labor and clearly defined responsibilities, which results in a relationship of mutual inspection and mutual restraint, with an aim to reduce risks of creating error and fraud. Each work position is subject to corresponding written management system.

Scientific, reasonable and standardized business operation procedures are developed based on clearly defined responsibilities of positions prepared with written operation manual respectively for all business operation, accompanied by detailed handling procedures, complete business operation records and strict inspection and reviewing standards.

### (4) Information and Communication

The Company has established an automatic information system for internal office and a business reporting system. Through the establishment of effective information exchange channels, it ensures that company employees and managers of all levels fully understand the information in relation to their responsibilities

and that information is timely delivered to the appropriate personnel for processing.

(5) Supervision and Internal Audit

The supervision and audit department of the Company which is independent of all business departments shall perform the function of internal audit inspection and appraisal of rationality, completeness and effectiveness of the internal control system of the Company, supervise the implementation of the Company's internal control system, indicate the relevant risks arising from the Company's internal management and Fund operation and provide timely advice on improvement and enhance an efficient implementation of the internal control system of the Company. Supervision and audit personnel shall be respectively independent and shall regularly or irregularly issue supervision and audit reports.

3. Declaration by the Fund Manager on Internal Control Systems

- (1) The Company acknowledges that establishing internal control system, maintaining its effectiveness and effectively implementing internal control framework are the responsibilities of the Board of Directors and the management team
- (2) The above disclosure about internal control is true and accurate.
- (3) The Company undertakes to continuously improve its internal control framework based on the market changes and the development of the Company.



## **IV. Fund Custodian**

### **(I) Basic Information of the Fund Custodian**

Name:	Industrial and Commercial Bank of China Limited
Registered Address:	55 Fuxingmennei Street, Xicheng District, Beijing, China
Date of Establishment:	January 1, 1984
Legal Representative:	Chen Siqing
Registered Capital:	RMB 356,406,257,089
Telephone:	010-66105799
Contact:	Ge Ming

### **(II) Information of Key Personnel**

As of December 2018, Asset Custody Department of Industrial and Commercial Bank of China Limited has 202 employees with an average age of 33, among them 95% have college degree or above and all senior officers have graduate degree or above or senior technical titles.

### **(III) Information of Business Operations of the Fund Custodian**

As a pioneer of custody service in mainland China, Industrial and Commercial Bank of China Limited was the first to provide custody service in 1998. It adheres to the tenet of "Honesty and Diligence", relies on rigorous and scientific risk management and internal control systems, standardized management modes, advanced operating systems and professional service teams, strictly performs its responsibilities as an asset custodian, provides secure, efficient and professional custody services for domestic and foreign Investors, financial assets management institutions and corporate clients and demonstrates good market image and influence. It has established the most diverse and mature product lines in custodian banks in China. It has developed a complete range of custody product

systems, including securities investment funds, trust assets, insurance assets, social security funds, security account funds, enterprise annuity funds, QFII assets, QDII assets, equity investment funds, collective asset management plans and directional asset management plans for securities companies, credit assets securitization for commercial banks, asset management for specific customers of fund companies, QDII special account assets and ESCROW. In the meantime, Industrial and Commercial Bank of China Limited is the first in China to carry out performance evaluation, risk management and other value-adding services and can provide personalized custody services for all types of customers. As of December 2018, Industrial and Commercial Bank of China Limited holds a total of 923 securities investment funds. Since 2003, the Bank has received 64 awards consecutively for 15 years as the best custodian bank named by domestic and foreign authoritative financial media, such as “Asiamoney” of Hong Kong, “Global Custodian” of the UK, “The Asset” of Hong Kong, “Global Finance” of the US, “Securities Times” of the Mainland and “Shanghai Securities News”. It has won more awards than any other custodian banks in China and its excellent services are constantly recognized and widely praised by domestic and foreign financial sectors.

#### **(IV) Internal Control System of the Fund Custodian**

Since its establishment, the asset custody department of Industrial and Commercial Bank of China Limited has achieved rapid development in terms of its business and always maintained an advantageous position in the asset custody business. These achievements should be attributable to the asset custody department's practice of "putting emphasis on both business expansion and development of internal control". The asset custody department places great importance to the improvement and strengthening of internal risk management. While expanding custody business, it also put emphasis on intensifying risk prevention and control, nurturing internal control culture, improving risk-control mechanism and strengthening risk management throughout the process of operational projects. Since 2005, it passed for a total of twelfth time the most authoritative auditing on assessing

the internal control and safety measures of an organization the ISAE3402 auditing and obtained unqualified control and effectiveness audit reports, fully indicating independent third parties full recognition of the soundness and effectiveness of risk management and internal control in respect of custody services of ICBC. It also proved that the custody services of ICBC are in line with practices of major international custodian banks and up to advanced international standards. Currently, ISAE3402 has become an annual, routine means of internal control.

### 1. Objectives of Internal Risk Control

To ensure that business operations strictly comply with relevant laws and regulations and industry supervision rules, establish and strengthen the business ideas and management style of running enterprises abiding by the law and standardizing operations, forming an internal control system featuring standardized operations, scientific management and institutionalized monitoring, prevent and resolve operational risks to ensure the safety and integrity of managed assets, safeguard the interests of holders, and ensure the safe, efficient and stable operations of asset custody business.

### 2. Organizational Structure of Internal Risk Control

Organizational structure of internal risk control over the ICBC's asset custody business is constituted by supervision and audit departments (internal control compliance department and internal audit office), risk control office has been established in asset custody department and other operations offices of asset custody department. The supervision and audit department of the head office is responsible for developing risk management policies for the whole bank and give guidance and carry out supervision in respective of risk control in each business department. The asset custody department set up an internal risk control office within it to take charge of auditing and supervision work and the office is provided with specified auditing and supervision personnel. Under the direct leadership of the general manager, the office exercises independent auditing and supervisory power in accordance with relevant laws and regulations. Operations offices of the asset custody department implement specific risk control measures

within their respective power.

### 3. Principles of Internal Risk Control

- (1) Principle of Legality: Internal control system shall meet the regulatory requirements of national laws and regulations and regulatory bodies throughout custody business management activities.
- (2) Principle of Comprehensiveness: Management activities of the custody business must have appropriate standard procedures and be subject to supervision and restriction; supervision and restriction must be implemented throughout the custody business process and each operation link, and shall cover all departments, positions and personnel.
- (3) Principle of Timeliness: Custody business activities must be accurately and timely recorded when they occur; in accordance with the principle of "giving priority to internal control", relevant rules and regulations must be formulated before establishing a new organization or new variety of business.
- (4) Principle of Prudence: Risk prevention must be carried out for business activities and prudent operations must be followed to ensure the safety and completeness of Fund assets and other engaged assets.
- (5) Principle of Effectiveness: Internal control system shall be modified and improved as required by national policies, laws as well as operations and management and implemented in an all-rounded way without any exceptions in terms of circumstances, time limit and personal reasons.
- (6) Principle of Independence: An administrative department shall be set up to perform the custodian responsibilities; direct operators and control personnel must be relatively independent and appropriately separated; inspection and assessment departments must be independent from the development and implementation departments of internal control systems.

#### 4. Implementation of Internal Risk Control Measures

- (1) Strict Isolation System. Asset custody business and traditional business are strictly separated, a series of rules and regulations including clearly defined responsibilities of positions, scientific business process, detailed operation manual and strict code of conduct are established, and an excellent firewall isolation system is adopted to ensure independent assets, environment, personnel, business system, management and network.
- (2) Inspection by Senior Level. Bank executives and senior management of departments, as the policy and strategy makers and managers of the custody business of Industrial and Commercial Bank of China Limited, require departments at a lower level to report information on operations and management as well as special situations, so as to check asset custody department's progress in achieving objectives of internal control, and to put forward internal control measures based on the inspection results and urge functional management departments to make improvements.
- (3) Personnel Control. The asset custody department strictly implements the system of positions' responsibilities, establishes the three defense lines, namely, the "self-control defense line", "mutual control defense line" and "monitoring control defense line", improves performance evaluation and incentive mechanism, creates a "people-oriented" internal control culture, enhances employees' sense of responsibility and pride, and fosters teamwork and core competitiveness. And through providing regular, targeted business and ethics training and signing letter of commitment, the department raised risk prevention and control awareness in employee.
- (4) Operational Control. The asset custody department, through developing plans and budgeting, carries out various business marketing activities and handle various matters, thus effectively controlling and allocating

organizational resources and maximizing resources utilization and benefit.

- (5) Internal Risk Management. The asset custody department strengthens internal risk management through supervision and auditing as well as risk assessment, regularly and irregularly inspects and monitors business operations, instructs business departments to carry out risk identification and assessment, develops and implements risk control measures and identifies and eliminates potential risks.
- (6) Data Security Control. We protect data security through making business operations areas relatively independent, data and fax encryption, redundant backup of data transmission lines, utilization of monitoring facilities and security measures.
- (7) Emergency Preparation and Response. The asset custody department has set up a special disaster recovery center, developed a complete disaster recovery plan in respect of data, application, operations and environment, and arranges regular drills for employees. To make the drills more close to actual practice, the asset custody department has changed scheduled drill at the beginning to the current "random drill". As to the drill results, the department is completely capable to recover business in two hours in the event of a disaster.

## 5. Information of Internal Risk Control of the asset custody department

- (1) The asset custody department has set up a special supervision and audit department which was provided with specified supervision and audit personnel. Under the direct leadership of the general manager, the department comprehensively implements the idea of whole-process monitoring in accordance with relevant laws and regulations, to ensure healthy and stable development of asset custody business.
- (2) Improve organizational structure and implement comprehensive risk

management. A sound risk management system requires participation of each employee from top to bottom. Only in this way can the risk control system and measures be comprehensive and effective. The asset custody department implements comprehensive risk management, specifies risk control responsibilities of specific business department and position. Each employee shall be responsible for risk within his/her scope of job responsibility. By establishing an internal organizational structure featuring longitudinal two-man system and lateral multi-department system, an organizational structure where different departments and positions restrict each other is formed.

- (3) Establish and improve rules and regulations. The asset custody department puts great emphasis on the development of internal control system and has constantly adhered to the practice of integrating the philosophy and methods of risk prevention and control into job responsibilities, institutional improvement and working process. After years of efforts, the asset custody department has established a set of internal risk control systems, including job responsibilities, business operations processes, supervision and audit system and information disclosure system, that cover all departments and positions and each business process, forming a restriction mechanism between business links.
- (4) Internal risk control has always been one of the priorities of the asset custody department and considered as important as business development. Asset custody business is an emerging intermediate business of commercial banks. Since its establishment, the asset custody department has put special emphasize on standardized operations and has taken the establishment of an efficient risk prevention and control system as a priority. With the changes of the market environment and rapid development of custody business, new problems and new situations emerge. The asset custody department has always put the same emphasis on risk management and business development and considered risk prevention and control as the lifeline for survival and development of

custody business.

## **(V) The Methods and Procedures for the Fund Custodian to Supervise Operations of the Fund by the Fund Manager**

Pursuant to the Fund Law, the Fund Contract, the Custodian Agreement and the provisions of laws and regulations relating to fund supervise and examine the legality and compliance of the investment scope of the Fund, the investment object of the Fund, the investment and financing ratios of the Fund, the prohibitive investment act of the Fund, the participation of the Fund in the inter-bank bond market, the calculation of the Net Asset Value of the Fund, the calculation of the net value of the Fund Units, transfer of receivable funds, the confirmation of expenses and income of Fund costs, the distribution of the income of the Fund, relevant information disclosure, performance data of the Fund published in the publicity and promotional materials of the Fund. The supervision and examination of the investment ratios of the Fund will begin six months after the Fund Contract has become effective and come into force.

Should the Fund Custodian notice the Fund Manager in violation with the Fund Law, the Fund Contract, the Custodian Agreement or the provisions of other relevant laws and regulations relating to fund, it should notify the Fund Manager in writing in a timely manner for rectification. After receiving the notice the Fund Manager shall check and confirm in a timely manner, send a reply to the Fund Custodian in writing and make rectification. Within the prescribed period, the Fund Custodian shall have the right to demand for double-check of the notified matters and urge the Fund Manager to make rectification. In the event that the Fund Manager is unable to correct the violation notified by the Fund Custodian within the prescribed period, the Fund Custodian shall report to the CSRC.

Should the Fund Custodian discover that the Fund Manager has conduct of significant violation, it should report to the CSRC immediately, and at the same



time notify the Fund Manager to make corrections within a time period.

## **V. Relevant Service Providers**

### **(I) Institutions Offering Units of the Fund**

#### **1. Direct Sales Agency**

Direct Sales Agencies of the Fund include direct sales counters in Beijing and online direct sales trading platforms.

##### **(1) Direct Sales Counters**

Name:	CCB Principal Asset Management Co., Ltd.
Domicile:	16/F, Winland International Financial Center, 7 Jinrong Street, Xicheng District, Beijing
Office Address:	16/F, Winland International Financial Center, 7 Jinrong Street, Xicheng District, Beijing
Legal Representative:	Sun Zhichen
Contact:	Guo Yali
Telephone:	010-66228800

##### **(2) Online Trading**

Investors may make the Subscription, Redemption and Regular Investment and other business of the Fund through the online trading system of the Company. Please refer to the website of the Company for enquiries on specific business arrangements and rules. Website of the Company: [www.ccbfund.cn](http://www.ccbfund.cn).

#### **2. Consignment Agency**

##### **(1) China Construction Bank Co., Ltd.**

Domicile:	25 Jinrong Street, Xicheng District, Beijing
Office Address:	Chang'an Xinrong Center, No.1 Building, Yard 1, Naoshikou Street, Xicheng District, Beijing
Legal Representative:	Tian Guoli
Customer Service	95533
Hotline:	

Website: [www.ccb.com](http://www.ccb.com)

(2) Industrial and Commercial Bank of China Limited

Domicile: No. 55 Fuxingmen Neidajie, Xicheng District, Beijing

Office Address: No. 55 Fuxingmen Neidajie, Xicheng District, Beijing

Legal Chen Siqing

Representative:

Customer Service 95588

Hotline:

Website: [www.icbc.com.cn](http://www.icbc.com.cn)

(3) Agricultural Bank of China Limited

Domicile: No. 69 Jianguomen Neidajie, Dongcheng District, Beijing

Office Address: No. 69 Jianguomen Neidajie, Dongcheng District, Beijing

Legal Zhou Mubing

Representative:

Customer Service 95599

Hotline:

Website: [www.abchina.com](http://www.abchina.com)

(4) Bank of Communications Co., Ltd.

Domicile: No. 188, Yincheng Middle Road, Pudong New District,  
Shanghai (Postcode: 200120)

Office Address: No. 188, Yincheng Middle Road, Pudong New District,  
Shanghai (Postcode: 200120)

Legal Ren De Qi (Acting)

Representative:

Customer Service 95559

Hotline:

Website: <http://www.95559.com.cn>

(5) China Merchants Bank Co., Ltd.

Registered address: China Merchants Bank Building, No. 7088 Shennan Avenue, Shenzhen

Legal Representative: Li Jianhong

Customer Service Hotline: 95555 (or dial the enquiry line of sales outlet in each respective city)

Website: [www.cmbchina.com](http://www.cmbchina.com)

(6) CITIC Bank Corporation Limited

Domicile: Block C, No. 8 Chaoyangmen Bei Dajie, Dongcheng District, Beijing

Office Address: Block C, No. 8 Chaoyangmen Bei Dajie, Dongcheng District, Beijing

Legal Representative: Chang Zhenming

Customer Service: 95558

Hotline:

Website: [Bank.ecitic.com](http://Bank.ecitic.com)

(7) China Minsheng Bank Co., Ltd.

Domicile: No. 2 Fuxingmen Neidajie, Xicheng District, Beijing

Office Address: No. 2 Fuxingmen Neidajie, Xicheng District, Beijing

Legal Representative: Hong Qi

Customer Service: 95568

Hotline:

Website: [www.cmbc.com.cn](http://www.cmbc.com.cn)

(8) Bohai Bank Co., Ltd.

Registered address: No. 201-205, Machang Avenue, Hexi District, Tianjin City

Business address: No. 218, Hai He Dong Road, Hedong District, Tianjin City

Legal                      Lu Huayu  
Representative:  
Customer Service    95541  
Hotline:  
Website:                www.cbhb.com.cn

(9)     Bank of Beijing Co., Ltd.

Registered              First Floor, Jia No.17 Finance Street, Xicheng District,  
address                  Beijing City  
Office address        Bing No.17 Finance Street, Xicheng District, Beijing City  
Legal                    Zhang Dongning  
Representative:  
Customer Service    95526  
Hotline:  
Website:                www.bankogbeijing.com.cn

(10)   Bank of China Co., Ltd.

Registered              No.1 Fuxingmenneidajie Street, Xicheng District, Beijing  
address                  City  
Office address        No.1 Fuxingmenneidajie Street, Xicheng District, Beijing  
City  
Legal                    Liu Lin Ge  
Representative:  
Customer Service    95566  
Hotline:  
Website:                www.boc.cn

(11)   Bank of Ningbo Co., Ltd.

Registered              No.700 Ningnan South Road, Yinzhou District, Ningbo  
address                  City  
Legal                    Lu Huayu  
Representative:  
Customer Service    95574  
Hotline:  
Website:                www.nbc.com.cn

(12) Shenzhen City Xinlande Securities Investment Consultancy Co., Ltd.

Registered address 1006#, 10/F, Block 4, Saige Science and Technology Park,  
Huaqiang North Road, Futian District, Shenzhen City

Legal Zhang Yan

Representative:

Customer Service 400-166-1188

Hotline:

Website: <http://www.jrj.com.cn/>

(13) Hexun Information Technology Co., Ltd.

Registered address 10/F, Fanli Building, No.22 Zhaowaidajie Street,  
Zhaoyang District, Beijing City

Legal Wang Li

Representative:

Customer Service 4009200022

Hotline:

Website: [www.Licaike.com](http://www.Licaike.com)

(14) Shanghai Wacai Fund Sales Co., Ltd.

Registered address Rooms 01, 02, 03, Level 5, No.799 South Yanggao Road,  
Free Trade Pilot Zone (Shanghai), China

Legal Leng Fei

Representative:

Customer Service 021-50810673

Hotline:

Website: <http://www.wacaijijin.com>

(15) Teng'an Fund Sales (Shenzhen) Co., Ltd.

Registered address Room 201, Building A, No.1 Qianwan Road, Qianhai  
Shenzhen-Hongkong Cooperation Zone, Shenzhen  
(Shenzhen Qianhai Business Secretarial Company Limited  
in residence)

Legal Liu Mingjun

Representative:

Customer Service 95017 (switch to 1 and then switch to 6 after dialing)

Hotline:

Website: <http://www.tenganxinxi.com/>

(16) Beijing Baidu Baiying Fund Sales Co., Ltd.

Registered Building 4, West District, No. 10 Northwest Wangdong  
address Road, Haidian District, Beijing

Legal Zhang Xuyang

Representative:

Customer Service 95055-9

Website: <http://www.baiyingfund.com>

(17) Noah Upright (Shanghai) Fund Sales Investment Consultancy Co., Ltd.

Registered Room 3724, No.9 Alley 360 Feihong Road, Hongkou  
address District, Shanghai City

Legal Wang Jingbo

Representative:

Customer Service 400-821-5399

Hotline:

Website: [www.noah-fund.com/](http://www.noah-fund.com/)

(18) Shenzhen Zhonglu Fund Sales Co., Ltd.

Registered Units I, J, 25/F, Development Bank Building, No. 5047  
address Shennan East Road, Luohu District, Shenzhen City

Legal Xue Feng

Representative:

Customer Service 4006788887

Hotline:

Website: [www.zlfund.cn](http://www.zlfund.cn), [www.jjmmw.com](http://www.jjmmw.com)

(19) Shanghai Tiantian Fund Sales Co., Ltd.

Registered 2/F, Building No.2, No.190 Longtian Road, Xuhui District,  
address Shanghai City

Legal                      Qi Shi  
Representative:  
Customer Service    4001818188  
Hotline:  
Website:                www.1234567.com.cn

(20)    Shanghai Howbuy Fund Sales Co., Ltd.

Registered              Room 449, Building No.4, No.37 Alley 685 Changzhong  
address                  Road, Hongkou District, Shanghai City  
Legal                      Yang Wenbin  
Representative:  
Customer Service    400-700-9665  
Hotline:  
Website:                www.ehowbuy.com

(21)    Hangzhou Shumi Fund Sales Co., Ltd.

Registered address    Room 202, Block 1, No.1218 Cangqianjiedao Wenyi  
West Road, Yuhang District, Hangzhou City  
Legal                      Chen Baiqing  
Representative:  
Customer    Service    4000766123  
Hotline:  
Website:                [www.fund123.cn](http://www.fund123.cn)

(22)                      Shanghai Changliang Fund Investment Co., Ltd.

Registered address    16/F, Block B, Yujing International, No.555 Pudong  
Avenue, Pudong New District, Shanghai  
Legal                      Zhang Yuewei  
Representative:  
Customer    Service    420-820-2899  
Hotline:  
Website:                <http://www.erichfund.com/websiteII/html/index.html>

(23)    Zhejiang Flush Fund Sales Co., Ltd.

Registered              Room 903, Yuanmao Building, No.1 Wener West Road,



address Hangzhou City, Zhejiang Province  
Legal Ling Shunping  
Representative:  
Customer Service 400-877-3772  
Hotline:  
Website: [www.5ifund.com](http://www.5ifund.com)

(24) Shanghai Leadbank Fund Sales Co., Ltd.

Registered 12/F, Building No.10, No.61 Alley 91 Eshan Road Pudong  
address New District, Shanghai  
Legal Li Xingchun  
Representative:  
Customer Service 400-921-7755  
Hotline:  
Website: [www.leadbank.com.cn](http://www.leadbank.com.cn)

(25) Harvest Wealth Management Co., Ltd.

Registered Units 5312-15, 53/F, Shanghai International Finance  
address Centre Office Building 2, No.8 Century Avenue, Pudong  
New District, Shanghai City  
Legal Zhao Xuejun  
Representative:  
Customer Service 400-021-8850  
Hotline:  
Website: <https://www.harvestwm.cn>

(26) Nanjing Suning Fund Sales Co., Ltd.

Registered No.1-5 Suningdadao Avenue, Xuanwu District, Nanjing  
address City  
Legal Liu Hanqing  
Representative:  
Customer Service 95177  
Hotline:  
Website: <http://www.snjijin.com>

(27) Beijing Hengtian Mingze Fund Sales Co., Ltd.

Registered address Room 5122, 5/F, No.10 Hongda North Road, Economic and Technology Development District, Beijing City

Legal Representative: Zhou Bin

Representative:

Customer Service 4007868868

Hotline:

Website: [www.chtfund.com](http://www.chtfund.com)

(28) Beijing Huicheng Fund Sales Co., Ltd.

Registered address 1108, 11/F, No.11 Zhongguancundajie Street, Haidian District, Beijing City

Legal Representative: Wang Weigang

Representative:

Customer Service 010-56282140

Hotline:

Website: [www.hcjijin.com](http://www.hcjijin.com)

(29) Beijing Shengshi View Fund Sales Co., Ltd.

Registered address Room 03, No.735 Wangkan Village, Jiuduhe Town, Huairou District, Beijing City

Legal Representative: Jiang Yu

Representative:

Customer Service 4008188866

Hotline:

Website: [www.shengshiview.com](http://www.shengshiview.com)

(30) Beijing Tangding Yaohua Fund Sales Co., Ltd.

Registered address Room 1504/1505, Block A, International Building, No.19 Jianguomenwaidajie Street, Zhaoyang District, Beijing City

Legal Representative: Zhang Guanyu

Representative:

Customer Service 400-819-9868

Hotline:

Website: <http://www.tdyhfund.com/>

(31) Tianjin Gome Fund Sales Co., Ltd.

Registered address 19/F, Block B, Pengrun Building, No.26 Xiaoyun Road,  
Zhaoyang District, Beijing City

Legal Ding Donghua

Representative:

Customer Service 400-111-0889

Hotline:

Website: [www.gomefund.com](http://www.gomefund.com)

(32) Beijing Sina Cangshi Fund Sales Co., Ltd.

Registered address: Room 518, 5th floor, Sina Headquarters, Sina Headquarters,  
N-1, N-2, Zhongguancun Software Park Phase II (Western Expansion),  
Northeast Wangxi Road, Haidian District, Beijing

Legal representative: Zhao Xinrui

Customer Service Hotline: 010-62675369

Website: <https://trade.xincai.com/web/promote>

(33) Beijing Jiahe Fund Sales Co., Ltd.

Registered Address: Room 505, 5th Floor, Building 1, No. 13 Courtyard,  
Deshengmenwai Street, Xicheng District, Beijing

Legal representative: Qu Yang

Customer Service Hotline: 400-803-1188

Website: <http://www.bzfunds.com>

(34) Shanghai Wande Fund Sales Co., Ltd.

Registered address 11/F, Wande Building, No.1500 Puming Road, Pudong  
New District, Shanghai City

Legal                      Wang Tingfu  
Representative:  
Customer Service    400-821-0203  
Hotline:  
Website:                [www.windmoney.com.cn](http://www.windmoney.com.cn)

(35)    China Huifu Fund Sales Co., Ltd.

Registered              Room 1807-5, No.336 Tibet Middle Road, Huangpu  
address                  District, Shanghai City  
Legal                      Zhang Xiao  
Representative:  
Customer Service    400-820-2819  
Hotline:  
Website:                [www.chinapnr.com](http://www.chinapnr.com)

(36)    Beijing Weidongli Fund Sales Co., Ltd.

Registered              341, Jingshan Wealth Centre, No.113 Gucheng West Road,  
address                  Shijingshang District, Beijing City  
Legal                      Ji Changjun  
Representative:  
Customer Service    400-819-6665  
Hotline:  
Website:                [www.buyforyou.com.cn](http://www.buyforyou.com.cn)

(37)    Beijing Hongdian Fund Sales Co., Ltd.

Registered              Unit 222, 2/F, Qunfang, Jia No.2 Workers' Stadium North  
address                  Road, Zhaoyang District, Beijing City  
Legal                      Zheng Yudong  
Representative:  
Customer Service    400-618-0707  
Hotline:  
Website:                <http://www.hongdianfund.com/>

(38) Shenzhen Fuji Fund Sales Co., Ltd.

Registered address Units 01B, 02, 03, 04, 35/F, Zhongzhou Building, Futianjiedao Jintian Road, Futian District, Shenzhen City

Legal Liu Pengyu

Representative:

Customer Service 0755-83999913

Hotline:

Website: <http://www.fujiwealth.cn/>

(39) Shanghai Lujinsuo Fund Sales Co., Ltd.

Registered address Unit 09, 14/F, No.1333 Lujiazui Ring Road, Pudong New District, Shanghai City

Legal Wang Zhiguang

Representative:

Customer Service 400-821-9031

Hotline:

Website: [www.lufunds.com/](http://www.lufunds.com/)

(40) DT Golden Stone Fund Sales Co., Ltd.

Registered address Room 2105, Modern Pavilion, Nanjing Olympic Sports Centre, No.222 Jiangdong Middle Road, Jianye District, Nanjing City

Legal Yao Yang

Representative:

Customer Service 400-928-2266

Hotline:

Website: [www.dtfunds.com/](http://www.dtfunds.com/)

(41) Zhuhai Yingmi Fund Sales Co., Ltd.

Registered address Room 105-3491, No.6 Baohua Road, Hengqin New District, Zhuhai City

Legal Xiao Wen

Representative:

Customer Service 020-89629066

Hotline:

Website: <http://www.yingmi.cn/>

(42) Yifeng Finance Fund Sales Co., Ltd.

Registered address Room 201, Block A, No.1 Qianwan Road No.1, Qianhai Shenzhen-Hong Kong Cooperation Area, Shenzhen City (Setted in Shenzhen City Qianhai Business Secretary Co., Ltd.)

Legal TEO WEE HOWE

Representative:

Customer Service 400-684-0500

Hotline:

Website: <https://www.ifastps.com.cn>

(43) Beijing Egg Roll Fund Sales Co., Ltd.

Registered address 222507, 21/F, Unit 2, Building No.6, Yard No.1, Futongdongdajie Street, Zhaoyang District, Beijing City

Legal Zhong Feifei

Representative:

Customer Service 4000-618518

Hotline:

Website: <https://danjuanapp.com/>

(44) Shanghai Huaxia Fortune Investment Management Co., Ltd.

Registered address Room 268, 2/F, Block 1, No.687 Dongdaming Road, Hongkou District, Shanghai City

Legal Mao Huaiping

Representative:

Customer Service 400-817-5666

Hotline:

Website: <https://www.amcfortune.com>

(45) Tibet Oriental Fortune Securities Co., Ltd.

Registered address: Building 10, International Headquarters City, Liuwu New District, Lhasa, Tibet

Legal representative: Chen Hong

Customer Service Hotline: 95357

Website: <http://www.18.cn>

(46) CITIC Securities Company Limited

Domicile: Level A, China Merchants Bank Building, No.7088  
Shennan Avenue, Shenzhen City

Legal Zhang Youjun

Representative:

Customer Service 95558

Hotline:

Website: [www.citics.com](http://www.citics.com)

(47) CITIC Securities (Shandong) Co., Ltd.

Address: Level 20, Building No.1, Qingdao International Finance  
Plaza, No.222 Shenzhen Road, Laoshan District, Qingdao  
City

Legal Jiang Xiaolin

Representative:

Customer Service 0532-96577

Hotline:

Website: [www.zxwt.com.cn](http://www.zxwt.com.cn)

(48) Everbright Securities Co., Ltd.

Domicile: No.1508 Xinzha Road, Jing'an District, Shanghai City

Legal Zhou Jiannan

Representative:

Customer Service 10108998

Hotline:

Website: <http://www.ebscn.com>

(49) China Merchants Securities Co., Ltd.

Registered Levels 38-45, Block A, Jiangsu Building, Yitian Road,  
Address: Futian District, Shenzhen City

Legal Huo Da

Representative:

Customer Service 95565, 4008888111

Hotline:

Website: [www.newone.com.cn](http://www.newone.com.cn)

(50) China Great Wall Securities Co., Ltd.

Domicile: Levels 14, 16, 17, Special Zone News Building, No.6008  
Shennan Avenue, Futian District, Shenzhen City

Legal Cao Hong

Representative:

Customer Service 0755-82288968

Hotline:

Website: [www.cc168.com.cn](http://www.cc168.com.cn)

(51) Haitong Securities Co., Ltd.

Domicile: No.689 Guangdong Road, Shanghai City

Legal Zhou Jie

Representative:

Customer Service 400-8888-001, (021) 962503

Hotline:

Website: [www.htsec.com](http://www.htsec.com)

(52) China Galaxy Securities Co., Ltd.

Domicile: Block C, International Enterprise Building, No. 35  
Jinrongdajie Street, Xicheng District, Beijing City

Legal Chen Gongyan

Representative:

Customer Service 4008-888-8888

Hotline:

Website: [www.chinastock.com.cn](http://www.chinastock.com.cn)

(53) Changjiang Securities Co., Ltd.

Domicile: Changjiang Securities Building, Special No.8 Xinhua  
Road, Wuhan City

Legal Li Xin Hua

Representative:

Customer Service 4008-888-999

Hotline:



Website: [www.95579.com](http://www.95579.com)

(54) China Securities Co., Ltd.

Domicile: Building No.4, No.66 Anli Road, Zhaoyang District,  
Beijing City

Office Address: No.188 Zhaoyangmenneidajie Street, Beijing City

Legal Wang Changqing

Representative:

Customer Service 400-8888-108

Hotline:

Website: [www.csc108.com](http://www.csc108.com)

(55) Anxin Securities Co., Ltd.

Registered Unit A02, Level 28, Level 34, Anlian Building, No.2222  
Address: Jintian Road, Futian District, Shenzhen City

Office Address: Level 20, New World Business Centre, No.6009 Yitian  
Road, Futian District, Shenzhen City

Legal Wang Lianzhi

Representative:

Customer Service 0755-82825555

Hotline:

Website: <http://www.axzq.com.cn>

(56) Huatai Securities Co., Ltd.

Address: Huatai Securities Building, No.90 East Zhongshan Road,  
Nanjing City, Jiangsu Province

Legal Zhou Yi

Representative:

Customer Service 025-84579897

Hotline:

Website: [www.htsc.com.cn](http://www.htsc.com.cn)

(57) Guoyuan Securities Co., Ltd.

Registered No.179 Shouchun Road, Hefei City

Address:

Legal Cai Yong

Representative:

Customer Service 400-8888-777

Hotline:

Website: [www.gyzq.com.cn](http://www.gyzq.com.cn)

(58) Zhongtai Securities Company Limited

Registered No.128 Jingshi Road, Jinan City, Shandong Province

Address:

Legal Li Wei

Representative:

Customer Service 95538

Hotline:

Website: [www.qlzq.com.cn](http://www.qlzq.com.cn)

(59) China Investment Securities Co., Ltd.

Registered Units 01.02.03.05.11.12.13.15.16.18.19.20.21.22.23,  
Address: Levels 04, 18-21, Block A, Rongchao Business Centre,  
Yitian Road-Fuzhong Road Junction, Futian District,  
Shenzhen City

Office Address: Levels 04, 18-21, Block A, Rongchao Business Centre,  
No.6003, Yitian Road, Futian District, Shenzhen City

Legal Gao Tao

Representative:

Open-ended Fund 4006008008

Consultation

Phone No.:

Website: [www.china-invs.cn](http://www.china-invs.cn)

(60) Northeast Securities Co., Ltd.

Registered No.138-1 Renmindajie Street, Changchun City

Address:

Legal Li Fuchun

Representative:

Customer Service 0431-96688, 0431-85096733

Hotline:

Website: [www.nesc.cn](http://www.nesc.cn)

(61) Bohai Securities Co., Ltd.

Registered Room 101, Office Building, No.42 Di'erdajie Street,  
Address: Tianjin Economic Technology Development District

Legal Wang Chunfeng

Representative:

Customer Service 4006515988

Hotline:

Website: [www.bhzq.com](http://www.bhzq.com)

(62) Guangfa Securities Co., Ltd.

Domicile: 43/F, Metropolitan Plaza, No.183 Hebei Road, Guangzhou  
City

Legal Sun Shuming

Representative:

Customer Service 020-95575

Hotline:

Website: [www.gf.com.cn](http://www.gf.com.cn)

(63) Cinda Securities Co., Ltd.

Registered Cinda Finance Centre, Building No.1, Yard No.9,  
Address: Naoshikoudajie Street, Xicheng District, Beijing City

Legal Zhang Zhigang

Representative:

Customer Service 400-800-8899

Hotline:

Website: [www.cindasc.com](http://www.cindasc.com)

(64) Xingye Securities Co., Ltd.

Registered No.99 Hudong Road, Fuzhou City

Address:

Legal Yang Huahui

Representative:

Customer Service 4008888123

Hotline:

Website: [www.xyzq.com.cn](http://www.xyzq.com.cn)

(65) Caifu Securities Co., Ltd.

Registered                    Level 26, Shuntian International Wealth Centre, No.80  
Address:                    Section 2 Middle Furong Road, Changsha City

Legal                        Cai Yibing

Representative:

Customer Service    0731-4403340

Hotline:

Website:                    www.cfzq.com

(66) Ping'an Securities Co., Ltd.

Address:                    8/F, Dazhonghua International Trade Plaza, Jintian Road,  
Shenzhen City

Legal                        He Zhigang

Representative:

Customer Service    400-8866338

Hotline:

Website:                    Stock.pingan.com

(67) Donghai Securities Co., Ltd.

Registered                    18, 19/F, Investment Plaza, No.23 West Yanling Road,  
Address:                    Changzhou City, Jiangsu Province

Legal                        Zhao Jun

Representative:

Customer Service    400-8888588

Hotline:

Website:                    www.longone.com.cn

(68) Shanghai Securities Co., Ltd.

Registered                    No.336 Middle Xizang Road, Huangpu District, Shanghai  
Address:                    City

Legal                        Li Junjie

Representative:

Customer Service    4008918918

Hotline:

Website:                    www.962518.com

(69) Hongta Securities Co., Ltd.

Address: 9/F, Hongta Building, No.155-1 Beijing Road, Kunming City, Yunnan Province

Legal Li Suming

Representative:

Customer Service 0871-3577930

Hotline:

Website: <http://www.hontastock.com/>

(70) Minsheng Securities Investment Co., Ltd.

Registered Levels 16-20, Block A, Minsheng Finance Centre, No.28  
Address: Jianguomenneidajie Street, Dongcheng District, Beijing City

Legal Feng Henian

Representative:

Customer Service 95376/400-619-8888

Hotline:

Website: <http://www.msyz.com/index>

(71) JZ Securities Co., Ltd.

Registered 18/F, Xinhua Insurance Building, Mintian Road, Futian  
Address: District, Shenzhen City

Legal Wei Xianfeng

Representative:

Customer Service 0755-33331188

Hotline:

Website: [www.tyzq.com.cn](http://www.tyzq.com.cn)

(72) Shenwan Hongyuan Securities Co., Ltd.

Office Address: Level 45, No.989 Changle Road, Xuhui District, Shanghai City

Legal Yang Yu Cheng

Representative:

Customer Service 95523 or 4008895523

Hotline:

Website: [www.sywg.com](http://www.sywg.com)

(73) Shenwan Hongyuan Western Securities Co., Ltd.

Address: Room 2005, 20/F, Dacheng National Building, No. 358  
South Beijing Road, Gaoxin District (Xinshi District),  
Urumqi City, Xinjiang Uygur Autonomous Region

Legal Li Qi

Representative:

Customer Service 4008-000-562

Hotline:

Website: [www.hysec.com](http://www.hysec.com)

(74) Zheshang Securities Co., Ltd.

Address: No.201 Wuxing Road, Jianggan District, Hangzhou City,  
Zhejiang Province

Legal Wu Chenggen

Representative:

Customer Service 95345

Hotline:

Website: <https://www.stocke.com.cn/zszq/index/index.jsp>

(75) Guangzhou Securities Co., Ltd.

Address: Level 19, Level 20, Guangzhou International Finance  
Centre Main Tower, No.5 West Zhujiang Road, Tianhe  
District, Guangzhou City

Legal Hu Fuyun

Representative:

Customer Service 95396

Hotline:

Website: <http://www.qzs.com.cn>

(76) Beijing Zhixin Fund Sales Co., Ltd.

Legal Wang Jun Hui

Representative:

Address: Building No.10, Sihui Shengshi Longyuan Guoshiyuan,  
Zhaoyang District, Beijing

Customer Service 4006-802-123

Hotline:

Website: [www.zhixin-inv.com](http://www.zhixin-inv.com)

(77) Huarong Securities Co., Ltd.

Registered address 11-18/F, PICC Life Building, No.18 Zhaoyangmenbeidajie Street, Zhaoyang District, Beijing City

Legal Representative: Zhu Xianzhong

Customer Service 95390

Hotline:

Website: <http://www.hrsec.com.cn/>

(78) Shanghai Changliang Fund Investment Co., Ltd.

Registered address 16/F, Block B, Yujing International, No.555 Pudong Avenue, Pudong New District, Shanghai

Legal Representative: Zhang Yuewei

Customer Service 420-920-2899

Hotline:

Website: <http://www.erichfund.com/websiteII/html/index.html>

(79) CITIC Futures Co., Ltd.

Address: 1301-1305, 14th Floor, North Tower, Excellence Times Square (Phase 2), No. 8 Central Third Road, Futian District, Shenzhen

Legal Representative: Zhang Hao

Customer Service Phone: 400 9908 826

Website: <http://www.citicsf.com>

The Fund Manager may, pursuant to relevant laws and regulations, select other agencies who comply with relevant requirements for sale of the Fund and announce it on the Fund Manager's website.

## (II) Registration Agency

Name: CCB Principal Asset Management Co., Ltd.

Domicile: 16/F, Winland International Financial Center, 7 Jinrong Street, Xicheng District, Beijing

Legal Representative: Sun Zhichen

Contact: Zheng Wenguang

Telephone: 010-66228888

**(III) Legal Firm (to provide written legal opinion)**

Name: Beijing DeHeng Law Offices

Domicile: 12/F, Tower B, Fukai Building, 19 Jinrong Street, Xicheng District, Beijing

Person in-charge: Wang Li

Contact: Xu Jianjun

Telephone: 010-66575888

Fax: 010-65232181

Legal Representative Xu Jianjun, Liu Huanzhi

**(IV) Accounting Firm (to audit Fund assets)**

Name: Ernst & Young Hua Ming (Special General Partnership)

Address: Room 01-12, 17 / F, Ernst & Young Building, Oriental Plaza, 1 East Chang'an Street, Dongcheng District, Beijing

Office Address: Room 01-12, 17th Floor, Ernst & Young Building, Oriental Plaza, 1 East Chang'an Street, Dongcheng District, Beijing

Managing Partner: Mao Anning

Phone: (010) 58153000

Fax: (010) 85188298

Contact: Wang Shanshan

Certified Public Accountants: Xu Yan and Wang Shanshan.



## **VI. Offering of the Fund**

### **(I) Basis of the Fund Offering**

The Fund shall be offered by the Fund Manager in accordance with the Fund Law, the Measures for Operation, the Measures for Sale, the Fund Contract and related provisions in other laws and regulations.

The Fund was offered upon approval by the CSRC on July 27, 2006 in its approval document Zheng Jian Ji Jin Zi No. 147.

### **(II) Fund Type**

Mixed securities investment funds

### **(III) Fund Operation**

Contractual type, open-ended type

### **(IV) Fund Duration**

Indefinite

### **(V) Denomination of the Fund**

The initial denomination of each Fund Unit is RMB 1.00.

### **(VI) Fund Offering Method**

The Fund is publicly offered to Investors through Fund Sales Outlets of various Sales Agencies.

## **(VII) Fund Offering Period**

The Fund Offering Period shall be no longer than three months starting on the date of Fund Units.

The Fund was offered from August 8, 2006 to September 5, 2006. The Fund Contract of the Fund came into effect as of September 8, 2006.

## **(VIII) Fund Offering Targets**

Individual Investor, Institutional Investor, Qualified Foreign Institutional Investor and other Investors as approved by the relevant laws or regulations or the CSRC to purchase securities investment funds.

## **(IX) Fund Offering Venues**

The Fund will be publicly offered to Investors through Fund Sales Outlets of various Sales Agencies.

Please refer to the Offering Announcement of Fund Units for specified venues. The Fund Manager may add other Consignment Agencies where appropriate, and issue an announcement accordingly.

## **(X) Arrangements for Initial Subscription**

1. Period of Initial Subscription: The Fund is offered at the same time to Individual Investors, Institutional Investors and Qualified Foreign Institutional Investors. Specified period of offering will be determined and disclosed by the Fund Manager in the Offering Announcement of Fund Units, in accordance with related laws and regulations and the Fund Contract.
2. Documents submission and procedures necessary for Initial Subscription by Investors:

Please refer to the Offering Announcement of Fund Units and related

announcements released by the Sales Agency for details.

3. Principles and quotas of Initial Subscription: Initial Subscription of the Fund shall be applied by money. Investors shall pay the payment of Initial Subscription in full in the manner as specified by the Sales Agencies when they make Initial Subscription of the Fund Units. Investors may make several Initial Subscription of Fund Units, and the Initial Subscription rate is calculated on basis of the accumulated amount. The minimum amount of each initial subscription of each Fund Account in the Consignment Agency is RMB 1,000, any arrangements as specified by the Consignment Agency on it which provide otherwise shall prevail. There is no upper limit for the accumulated Initial Subscription amount. The minimum amount for Initial Subscription of each Fund Account in any Direct Sales Agency is RMB 50,000; Investors that have records of making Initial Subscription of the Fund with any Direct Sales Agency is exempted from the abovesaid limitation on the minimum amount of Initial Subscription. The minimum amount for each additional Initial Subscription is RMB 1,000. The application for Initial Subscription is irrevocable after the time limit specified by the Sales Agency.

## **(XI) Initial Subscription Fee**

Initial Subscription amount (M)	Initial Subscription rate
$M < \text{RMB } 500,000$	1.2%
$\text{RMB } 500,000 \leq M < \text{RMB } 1 \text{ million}$	0.8%
$\text{RMB } 1 \text{ million} \leq M < \text{RMB } 5 \text{ million}$	0.5%
$\text{RMB } 5 \text{ million} \leq M < \text{RMB } 10 \text{ million}$	0.3%
$M \geq \text{RMB } 10 \text{ million}$	RMB 1,000 per each subscription

Initial Subscription fee of the Fund shall be borne by the subscriber, and is used to cover various expenses incurred by the Fund's marketing, sales, registrations etc.

## **(XII) Calculation of Initial Subscription Units**

Initial Subscription fee of the Fund adopts the front-end load format, meaning payment of Initial Subscription shall be made at the time of the Initial Subscription of the Fund. Initial Subscription amount by Investors includes Initial Subscription fee and net Initial Subscription amount. Interests on valid Initial Subscription amounts accrued during the Fund Offering Period shall be owned by Investors; those accrued after the effective date of the Fund Contract shall be converted into Fund Units to Investors' accounts. The exact number of Fund Units as recorded by the Registration Agency shall be taken as final. Please refer to the following calculation methods of the total Initial Subscription Units of Investors:

Initial Subscription fee = Initial Subscription amount  $\times$  Initial Subscription rates;

Net Initial Subscription amount = (Initial Subscription amount + Initial Subscription interests) - Initial Subscription fee;

Units of Initial Subscription = net Initial Subscription amount / par value of Fund Units

The Initial Subscription fee is calculated in RMB and rounded off to two decimal places; the calculation result of Initial Subscription Units should be rounded off two decimal places and any error thus incurred should be added to Fund assets.

## **(XIII) Method and Confirmation of Initial Subscription**

### **1. Method of Initial Subscription**

Period of Initial Subscription, documents submission and procedures necessary for Initial Subscription of Investors will be determined and disclosed in the Offering Announcement of Fund Units by the Fund Manager in accordance with relevant laws and regulations and the Fund Contract.

### **2. Confirmation of Initial Subscription**

The Fund Sales Outlets' acceptance of the Subscription application by the Investors does not indicate that the application is successful; rather it only indicates the Subscription application has been received by the Fund Sales Outlet. The Fund Registration Agency's confirmation on the validity of the application shall be taken as final. Investors may enquire on the confirmation of application of Initial Subscription and subscribed Units at each Fund Sales Outlet on the next working day after the effective date of the Fund Contract.

#### **(XIV) Arrangements of Interests on the Raised Fund**

Interests incurred on initial subscription amounts during the Fund Offering Period shall be converted into Fund Units owned by Fund Unitholders after the effective date of the Fund Contract, with no Initial Subscription fee being charged. The amount of interests as recorded by the Fund Registration Agency shall be taken as final. The calculation results should be rounded to two decimal places, and the loss and income arising from such rounding shall be owned by Fund assets.

#### **(XV) Raised Fund**

Any funds raised during the Fund Offering Period shall be deposited into a designated account and not used by anyone before the Fund offering ends.

The information disclosure fee, accountants' fee, lawyers' fee and other fees during the Fund Offering Period should not be disbursed from Fund assets.

#### **(XVI) Results of the Offering**

The Offering of the Fund had been successfully completed on September 5, 2006. According to the verification of capital conducted by PricewaterhouseCoopers Zhong Tian LLP, the number of valid initial subscription accounts of the Offering was 156,802; and based on the calculation on a denomination of RMB 1.00 of

each Fund Unit, a total amount of 6,114,724,726.60 Fund Units including those raised and converted from interests during the Fund Offering Period, were acquired and deposited into the Fund Accounts of Investors, and shall be owned by Investors.

## **VII. Validity of the Fund Contract**

### **(I) Fund Filing Conditions**

1. Upon the expiry date of the Fund Offering Period, where the total amount of the Fund Units offered are no less than 200 million, the total amount of funds raised is no less than RMB 200 million and the number of Fund Unitholders is no less than 200, the Fund Manager shall engage a statutory capital verification agency within ten days after the expiry date of the Fund Offering Period and submit the verification report to the CSRC for Fund filing procedures within ten days after the receipt of the verification report. The Fund filing is complete and the Fund Contract shall take effect as of the date when the CSRC gives its written confirmation.
2. The Fund Manager shall publish an announcement on the validity of the Fund Contract on the day immediately after the day when the Fund Manager receives the written confirmation from the CSRC. The Fund Contract of the Fund came into effect as of September 8, 2006.
3. Before the Fund Contract comes into force, the Initial Subscription amounts of Investors can only be deposited into the designated account and not used by any person. Interests accrued on Initial Subscription amounts during the Fund Offering Period shall be converted into Fund Units and owned by Fund Unitholders after the effective date of the Fund Contract. The exact amount of Fund Units converted from interests as recorded by the Fund Registration and Transfer Agency shall prevail.

### **(II) Handling Methods of Failed Fund Offering**

1. If the above-mentioned requirements are not satisfied for the Fund Contract to come into force when the Fund Offering Period expires, or the Fund Contract fails to be effective due to any force majeure emerged during the Fund Offering Period, the Fund Offering shall fail.
2. If the Fund offering fails, the Fund Manager should bear the debts and

expenses arising due to the Fund Offering with its own property, and within 30 days after the expiry of the Fund Offering Period, return the amount that have been paid by the Investors plus the interests accrued at interest rate equivalent bank deposits interest rate during the same period.



## **VIII. Subscription and Redemption of Fund Units**

### **(I) Classes of the Fund Unit**

Codes shall be respectively set for the Class A Fund Units and Class H Fund Units of CCB Principal Select Growth Mixed Asset Fund and Net Asset Value per Unit thereof shall be calculated and announced separately. Net Asset Value per Unit of each class of the Fund Unit shall be calculated by dividing the Net Asset Value of a certain class of the Fund Units on the calculation date by the total number of Fund Units offered in such class, excluding the number of Fund Units on that calculation date.

Investors can select the class of the Fund Units to subscribe by themselves.

### **(II) Venues for Subscription and Redemption**

The Sales Agencies of the Fund include the Fund Manager and the Consignment Agencies entrusted by the Fund Manager.

Fund Investors shall, in the business premises for Fund Sales Business of the Sales Agencies, handle the Subscription and Redemption of Class A Fund Units in the way required by the Sales Agency. Please refer to section 1 of Chapter 5 above for the name list and contact information of Sales Agencies.

Sales Agency of Class H Fund Units of the Fund in Hong Kong shall be relevant sales agencies qualified for sales of the Fund approved by the Securities and Futures Commission in Hong Kong and employed by the Hong Kong Representative or the Fund Manager.

The Fund Manager may add or remove a Consignment Agency where appropriate by issuing an announcement on the Fund Manager's website.

### **(III) Open Day and Hours for Subscription and Redemption**

#### **1. Open Day and Hours**

The Open Day for Investors to handle Subscription and Redemption business are

the trading days of the Shanghai Stock Exchange and the Shenzhen Stock Exchange; Specific hours for handling such business as announced by the Sales Agency shall prevail.

On an Open day of the Fund, the application period for the Subscription or Redemption of Class A Fund Units placed by the Investors shall be before the closing time of the Shanghai Stock Exchange and the Shenzhen Stock Exchange on that certain day (currently, 3:00 p.m.), the price for the Subscription and/or Redemption of Fund Units shall be the price of that certain day; If the time of submission of the Subscription and/or Redemption application of Class A Fund Units by the Investor is after the closing time of the Shanghai Stock Exchange and the Shenzhen Stock Exchange on that certain day, the prices for Subscription and/or Redemption of the Fund Units shall be the prices on the next Open Day for Subscription and/or Redemption of the Fund Units.

Please refer to the Supplementary Documents of the Prospectus for the Open Days and hours of Class H Fund Units.

If there are any new securities exchanges established, or existing exchanges change their trading hours or other circumstances arise, the Fund Manager may make adjustment to the above-mentioned Open Day and hours according to the circumstances and make an announcement accordingly.

## 2. Commencement for Subscription and Redemption

The daily Subscription business of Class A Fund Units has started on October 16, 2006.

The daily Redemption business of Class A Fund Units has started on December 1, 2006.

## **(IV) Principles of Subscription and Redemption**

1. The principle of “forward-pricing”, which means that the prices for the Subscription, Redemption of the Fund will be calculated on the basis of the

Net Asset Value per Unit of each class of the Fund Unit calculated after the market closes on the application day.

2. The principle of "Subscription by amounts and Redemption by units", which means that the application for Subscription shall specify the amount of subscription, whilst the applications for Redemption shall specify the number of Units to be redeemed.
3. The applications for Subscription and Redemption of a certain day can be cancelled before the time limit specified by the Fund Manager.
4. The Fund Manager may adjust the above principles in accordance with the actual operation of the Fund and without prejudice to the interests of the Fund Unitholders. The Fund Manager shall make an announcement on the Designated Media in accordance with the requirements under the Measures for Information Disclosure before the implementation of the new rules.

## **(V) Procedures of Subscription and Redemption**

### **1. Application Method for Subscription and Redemption**

Investors shall submit application for Subscription or Redemption in business hours of open days in accordance with procedures specified by the Fund Sales Agency.

When applying for Subscription of the Fund, the Investor shall prepare sufficient amount of funds for Subscription according to the requirement required by the Sales Agency.

When applying for Redemption of the Fund, the Investors must hold sufficient balance of Fund Units, otherwise the submitted applications for Subscription or Redemption shall be invalid and cannot be effected.

### **2. Confirmation of Application for Subscription and Redemption**

For the application filed on Day T under normal circumstances, the validity of the transaction will be confirmed by the Fund Registration Agency within Day T+1. The Investor shall, after Day T+2 (including Day T+2), check the confirmation of Subscription and Redemption application at the Sales Agency or according to other methods specified by the Sales Agency.

The Open Days of Class H Fund Units are different from those of Class A Fund Units. Therefore, for the specific time when Investors of Class H Fund Units of the Fund enquire with the Sales Agency about the transactions of Subscription or Redemption or in other ways as required by the Sales Agency, please see the supplementary documents of the Prospectus or further announcement.

The Sales Agency's acceptance of the Subscription or Redemption application does not indicate the application is successful; rather it only indicates the Subscription or Redemption application has been received by the Sales Agency. The confirmation of Subscription and Redemption application made by the Fund Registration Agency or the Fund management company shall be final.

### 3. Payment of Application for Subscription and Redemption

The Subscription requires payment in full. If the amount is not paid in full for the Subscription within the specified time, the Subscription is deemed a failure. If the Subscription is unsuccessful or invalid, the Subscription amount paid by the Investors shall be returned to the account of the Investor.

When the Investor's application for Redemption is successful, the Fund Manager shall pay the Redemption amount to the bank account of the Fund Unitholder within Day T+7 (including Day T+7) through the Fund Registration Agency. In the case of massive Redemption, the payment shall be made pursuant to relevant provisions of the Fund Contract.

## **(VI) Limitation on Subscription and Redemption Amount**

1. The initial minimum subscription amount for Class A Units of the Fund in any Consignment Agency in China is RMB 1, and subsequent minimum subscription amount is RMB 1, any rules as specified by the Consignment Agency which provide otherwise on it shall prevail. The minimum initial subscription amount and one single subscription amount for each Fund Account at the Company's direct sales counter is RMB 10; for Subscription through online sales counter of the Company, the minimum Subscription amount and minimum amount of Regular Investment Plans are both RMB 10.
2. Fund Unitholders shall redeem no less than 10 Fund Units when applying for the Redemption of Class A Fund Units at Sales Agency in China. Please refer to the supplementary documents of the Prospectus for the minimum amounts for Redemption of Class H Fund Units.
3. There is no minimum holding limit of Units for Class A Fund Units of the Fund. Please refer to the supplementary documents of the Prospectus for the minimum holding limit of Units for Class H Fund Units.
4. The Fund Manager may make adjustment to the above limits depending on the actual situation, and shall make an announcement on Designated Media in accordance with the requirements under the Measures for Information Disclosure before any adjustment comes into effect.
5. The Fund Manager may prescribe the upper limit of total size of the Fund and the maximum subscription amount for a day, please refer to the updated Prospectus or relevant announcements for the specific provisions.
6. When accepting subscription application would have significant adverse effect on the interests of existing Unitholders, the Fund Manager shall take measures such as setting the maximum subscription amount for a single

investor or the maximum net subscription percentage of the Fund within a single day, rejecting massive subscription, suspending subscription etc., to practically protect the legal interests of existing Unitholders. Please refer to the relevant announcements for details.

## (VII) Subscription Fee and Redemption Fee

### 1. Subscription and Redemption Fees of Class A Fund Units

- (1) A subscription fee shall be charged when the Investor subscribes Class A Fund Units; the subscription fee rates decreases progressively with the increase of Subscription amount, and the maximum Subscription fee rate is not more than 1.5%. Investors can subscribe the Fund multiple times, and the subscription fee rates will be calculated separately in each subscription. The subscription fee rates of Class A Fund Units are as follows:

Subscription amount (M)	Subscription fee rates
$M < \text{RMB } 500,000$	1.5%
$\text{RMB } 500,000 \leq M < \text{RMB } 1 \text{ million}$	1.2%
$\text{RMB } 1 \text{ million} \leq M < \text{RMB } 5 \text{ million}$	0.8%
$\text{RMB } 5 \text{ million} \leq M < \text{RMB } 10 \text{ million}$	0.5%
$M \geq \text{RMB } 10 \text{ million}$	RMB 1,000 per each subscription

The Subscription fee shall be borne by the subscriber, and shall not be listed as Fund assets. The Subscription fee shall be used for market promotion, registration and sales of the Fund.

- (2) The Redemption rate of Class A Fund Units decreases as the period of Units-holding continues, which means the longer holding period of the Fund Units by the Fund Unitholders, the lower the Redemption fee rate will be. The details of Redemption fee rates are as follows:

Holding Time	Redemption Rate
Holding time < 7 days	1.5%

7 days $\leq$ holding time < 1 year	0.5%
1 year $\leq$ holding time < 2 years	0.25%
Holding time $\geq$ 2 year	0%

*Note: One year refers to 365 days.*

The Redemption fee shall be borne by the investor who apply for Redemption of Units, for Investors having a continued holding time of less than 7 days, the total redemption amount shall be vested in Fund assets; for the redemption fee charged for Units with a holding time of over 7 days, 25% of the Redemption fee shall be vested in Fund assets, and the rest is used to pay the registration fee and other necessary filing fees.

## 2. Subscription and Redemption Fees of Class H Fund Units

- (1) A subscription fee shall be charged when the Investor subscribes Class H Fund Units. The maximum Subscription fee rate of Class H Fund Units is 5%. Each Sale Agency shall determine the Subscription fee rate according to the level of sales of the Fund.

The Subscription fees of the Fund shall be borne by Fund Unitholders when the Fund Unitholders apply for the Subscription of the Fund Units. The Subscription fees shall not be vested with the Fund assets, and is primarily used to cover the marketing, sales and registration and other fees of the Fund.

- (2) The Redemption fee rate of Class H Fund Units is 0.125%.

The Redemption fee shall be borne by Fund Unitholders when the Fund Unitholders apply for the Redemption of the Fund Units. All the Redemption fee shall be vested with the Fund assets. Provided it is not in violation of the laws and regulations and does not have material adverse impact to the interests of the Fund Unitholders, the Fund Manager may adjust the Subscription fee rate or payment methods of the Subscription in accordance with the requirements specified by the Fund Contract, or lower the

Redemption fee rate. The Fund Manager shall make an announcement on Designated Media in accordance with the requirements under the Measures for Information Disclosure before the implementation date of new fee rate or payment method.

3. The Fund Manager may reduce the Subscription fee rates and the Redemption fee rates in accordance with the scope specified by the laws and regulations and the Fund Contracts. If there are any changes in the rates, the Fund Manager shall make an announcement on Designated Media in accordance with the requirements under the Measures for Information Disclosure prior to the implementation date of the new rates.

## **(VIII) Calculation of Subscription Units and Redemption Amount**

### **1. Calculation of Subscription Units**

The Subscription fee of the Fund adopts the front-end load, which means the payment of Subscription fee shall be made at the time of applying for the Subscription of the Fund. The subscription amount by the investors includes the Subscription fee and net Subscription amount.

- (1) The calculation method of subscription amount for Class A Fund Units is as follows:

Net Subscription amount = Subscription amount / (1 + Subscription fee rates)

Subscription fee = Subscription amount - net Subscription amount

Units of Subscription = net Subscription amount / Net Asset Value per Unit of such Fund Unit on Day T

- (2) The calculation method of Subscription Units for Class H Fund Units is as follows:

Net Subscription amount = Subscription amount / (1 + Subscription fee rates)

Subscription fee = Subscription amount - net Subscription amount



Units of Subscription = net Subscription amount / Net Asset Value per Fund Unit on Day T

Any rules as specified by each Sales Agency in Hong Kong which provide otherwise on it shall prevail.

The Subscription fee is calculated in RMB and rounded to two decimal places; the calculation result of subscription Units should be rounded to two decimal places and any error incurred by such rounding shall be added to the Fund assets.

Example 1: An Investor makes an investment of RMB 50,000 in the subscription of Class A Fund Units. Suppose that the Net Asset Value per Unit of Class A Fund on the day of subscription is RMB 1.05, the number of subscription Units the Investors entitled to are as follows:

Net Subscription amount =  $50,000 / (1 + 1.5\%) = \text{RMB } 49,261.08$

Subscription fee =  $50,000 - 49,261.08 = \text{RMB } 738.92$

Units of Subscription =  $49,261.08 / 1.05 = 46,915.31$

i.e. An Investor makes an investment of RMB 50,000 in the subscription of Class A Fund Units. Suppose that the Net Asset Value per Unit of the Fund on the day of subscription is RMB 1.05, he/she will get 46,915.31 Class A Fund Units.

Example 2: An Investor makes an investment of RMB 50,000 in the subscription of Class H Fund Units. Suppose that the subscription fee rates determined by the Sales Agency of the Class H Fund Units subscribed by the Investor is 1.5%, and the Net Asset Value per Unit of Class H Fund on the day of subscription is RMB 1.05, the number of subscription Units the Investors entitled to are as follows:

Net Subscription amount =  $50,000 / (1 + 1.5\%) = \text{RMB } 49,261.08$

Subscription fee =  $50,000 - 49,261.08 = \text{RMB } 738.92$

Units of Subscription =  $49,261.08 / 1.05 = 46,915.31$

i.e. An Investor makes an investment of RMB 50,000 in the Subscription of Class

H Fund Units. Suppose that the Net Asset Value per Unit of the Fund on the day of Subscription is RMB 1.05, he/she will get 46,915.31 Class H Fund Units.

## 2. Calculation of net Redemption amount

Fund Unitholders shall make the payment the redemption fee when they apply for the Redemption of the Fund. The net Redemption amount of the Fund Unitholder equals to the Redemption amount minus the Redemption fee. In particular:

Total amount of Redemption = units of Redemption  $\times$  Net Asset Value per Unit of such class of the Fund Unit on the day of Redemption

Redemption fee = total Redemption amount  $\times$  Redemption fee rate

Net Redemption fee = total Redemption amount – Redemption fee

The Redemption fee is calculated in RMB and rounded to two decimal places; the calculation result of net Redemption amount should be rounded two decimal places and any error arising from such rounding should be added to Fund assets.

Example 1: An Investor redeems 10,000 Class A Fund Units with a redemption rate of 0.5%. Suppose that the Net Asset Value per Unit of the Fund on the day of redemption is RMB 1.148, the net redemption amount he/she will get is as follows:

Total redemption amount =  $10,000 \times 1.148 = \text{RMB } 11,480$

Redemption fee =  $11,480 \times 0.5\% = \text{RMB } 57.40$

Net redemption amount =  $11,480 - 57.40 = \text{RMB } 11,422.60$

i.e. The Investor redeems 10,000 Class A Fund Units. Suppose that the Net Asset Value per Unit the Class A Fund on the day of redemption is RMB 1.148, the net redemption amount he/she will get is RMB 11,422.60.

Example 2: An Investor redeems 10,000 Class H Fund Units with a redemption rate of 0.125%. Suppose that the Net Asset Value per Unit of Class H Fund on the

day of redemption is RMB 1.148, the net redemption amount he/she will get is as follows:

Total redemption amount =  $10,000 \times 1.148$  = RMB 11,480

Redemption fee =  $11,480 \times 0.125\%$  = RMB 14.35

Net redemption amount =  $11,480 - 14.35$  = RMB 11,465.65

i.e. The Investor redeems 10,000 Class H Fund Units. Suppose that the Net Asset Value per Unit of the Class H Fund on the day of redemption is RMB 1.148, the net redemption amount he/she will get is RMB 11,465.65.

### 3. Calculation of Net Asset Value per Unit of the Fund

The Net Asset Value per Unit of different classes of the Fund Unit on Day T equals the value calculated by dividing the Net Asset Value of certain class of the Fund on the calculation date by the total number of Fund Units offered in such class, excluding the number of Fund Units on that calculation date.

The Net Asset Value per Unit of different classes of the Fund Units on Day T is calculated separately after the closing of the day and announced on Day T + 1. In case of a special situation, it is allowed to delay the calculation or the announcement with the approval of the CSRC.

## **(IX) Subscription and Redemption Registration**

1. If an Investor's application for Subscription is successful, the Fund Registration Agency shall arrange the registration procedure to increase the investor's holding on Day T+1. Investors shall have the right to redeem such Fund Units from Day T+2 (including Day T+2).
2. If an Investor's application for Redemption is successful, the Fund Registration Agency shall arrange for the registration procedure to reduce the Investor's holding on Day T+1.
3. The Fund Manager may, to the extent permitted by the laws and regulations, adjust the said registration time, provided that such adjustment shall not materially affect the legitimate interests of Investors and that an announcement is made on Designated Media in accordance with the

requirements under the Measures for Information Disclosure prior to implementation date of the new time.

## **(X) Massive Redemption Identification and Handling**

### **1. Determination of Massive Redemption**

Massive Redemption occurs when the applications for net Redemption of the Fund Units (i.e. the balance of the sum of the total amount of Redemption applied for and total amount of Units applied for Switching-out minus the sum of the total amount of Subscription applied for and the total amount of Units applied for Switching-in) on a single Open Day exceeds 10% of the total Fund Units on the preceding day.

### **2. Handling Method of Massive Redemption**

In the case of Massive Redemption, the Fund Manager may decide, based on the situation of portfolio of the Fund assets at the moment, to accept all Redemption applications or to defer part of the Redemption applications.

- (1) Acceptance of all the Redemptions: If the Fund Manager believes it is capable of paying for all Redemption application of Investors, the regular Redemption procedures shall be followed.
- (2) Partial Deferral of Redemption: When the Fund Manager believes that there are difficulties in paying all the Redemption applications of Investors , or believes that the payment of all the Redemption applications may cause drastic fluctuation to the Net Asset Value of the Fund, the Fund Manager may defer the payment for part of the Redemption applications, provided that the total number of Fund Units applied for Redemption on that day is not less than 10% of the total number of Fund Units on the preceding day. The Fund Manager shall determine the amount of Redemption of Units to be confirmed on the day based on the ratio between the amount of each Redemption application and the total amount of the Redemption applications on that day. Unless at the time of submitting an application for Redemption, an Investor

has chosen to withdraw the portion that is not accepted on the same day, the unaccepted portion of the applications shall be deferred to and calculated at the NAV per Unit of the next Open Day of Redemption. The Redemption applications which have been deferred to the next Open Day in accordance with the above arrangement does not enjoy priority for Redemption. The same applies to any further deferral of Redemption applications until all the Redemption applications have been satisfied. Any requirements in respect of the rights of options of Class H Fund Units investors as specified by the Sales Agencies in Hong Kong which suggest otherwise on them shall prevail.

Partially deferred redemption is not subject to the minimum number of Units limit for a single redemption.

In the case of Massive Redemption of the Fund, when a single Class A Unitholder makes a redemption application reaching more than 20% of the total number of Units on the preceding day, the Fund Manager is entitled to, on such day, defer handling the part of redemption application of such Unitholder exceeding 20% of the total number of Units on the preceding day. For the rest of the redemption application of such Unitholder, the Fund Manager is entitled to handle it together with the redemption applications of other Unitholders according to the above-mentioned prescribed methods “(1) Acceptance of all the Redemptions” and “(2) Partial Deferral of Redemption”. However, if such Unitholder decides to cancel redemption when submitting the redemption application, the part of redemption application not entertained on that day shall be revoked.

- (3) Announcement of Massive Redemption: In the case of Massive Redemption and the deferral of redemption, the Fund Manager shall, within three Trading Days, notify Fund Unitholders to state the relevant handling methods through mail, fax or other methods specified in the Prospectus, and make an announcement on Designated Media in accordance with the requirements under the Measures for Information Disclosure.

- (4) Suspension of Acceptance and deferral of payment: If the Fund has

encountered Massive Redemption for more than two consecutive Open Days, the Fund Manager may suspend the acceptance of redemption application if necessary. Payment of proceeds of Redemption for any accepted Redemption application may be deferred for at most twenty working days and such shall be announced on Designated Media.

### **(XI) Rejection or Subscription Suspension, Redemption Application Acceptance and Corresponding Handling Method**

The Fund Manager shall not reject or suspend all or part of the applications for Subscription by an Investor of certain class or multiple classes of Fund Units(s):

- (1) The Fund fails to operate normally due to force majeure;
- (2) The Fund Manager is prevented from calculating the Net Asset Value of the Fund for the day due to the unexpected closure of stock exchanges during the trading time;
- (3) The size of Fund assets is so large that the Fund Manager cannot locate a suitable investment category which may create a negative impact on the performance of the Fund performance, and harm the interests of the existing Fund Unitholders;
- (4) Other situations which may lead to suspension of Subscription as specified in the laws and regulations or by the CSRC;
- (5) When assets amounting to more than 50% of the NAV of the Fund had no referable active market price on the preceding valuation day, and even applying valuation techniques shall still lead to significant uncertainty in the fair value, the Fund Manager, after negotiation with and confirmation from the Fund Custodian, shall suspend valuation and suspend acceptance of subscription applications;
- (6) The Fund Manager believes that the acceptance of a particular Subscription application will harm interests of the existing Fund Unitholders;
- (7) When the Fund Manager accepts a single or multiple subscription applications which may cause the percentage of Units held by a single Investor to reach 50% or more of total number of Units, or which may allow

Investors to circumvent the abovementioned 50% percentage requirement.

If the subscription application of an Investor has been rejected in full or in part, the rejected subscription amounts shall be returned to the Investor in full. In the case when the subscription suspension specified in the circumstances as stated in (1) to (5) occurs, the Fund Manager shall make an announcement of the suspension on Designated Media.

In addition to rejection or suspension of Subscription specified in the Fund Contract, the Fund Manager may refuse or suspend the acceptance of application for subscription of Class H Fund Units in any of the following situations: If the Investor's application for Subscription is turned down, the amount of Subscription (free of interest) involved will be refunded to the Investor.

(1) The RMB cross-border amount of all mutually recognized funds in the Mainland has reached or exceeded the overall quota limit set by the government;

(2) The Class H Fund Units takes up more than 50% of the Fund assets.

In the event of suspension of subscription in any of the said cases, the Fund Manager shall make a filing with the CSRC and the HKSEC in accordance with relevant provisions and shall inform the Hong Kong Representative. Either the Hong Kong Representative or the Fund Manager shall inform the Sales Agency in Hong Kong and shall make an announcement about such suspension on the Designated Media within the required period.

## **(XII) Situation of and Handling Methods to Redemption Suspension or Delay in Payment of Redemption Amount**

Apart from any of the following circumstances, the Fund Manager shall not reject or suspend the application for Redemption by the Fund Unitholder of a certain type or several types of Unit(s) or defer the payment of redemption proceeds:

(1) The Fund Manager fails to pay the redemption amount due to force majeure;

- (2) The Fund Manager is prevented from calculating the Net Asset Value of the Fund of the day due to the unexpected closure of the stock exchanges in accordance with the laws;
- (3) There occurs Massive Redemption for two or more consecutive days or other reasons, causing difficulties to make cash payment of the Fund;
- (4) When assets amounting to more than 50% of the NAV of the Fund had no referable active market price on the preceding valuation day, and even applying valuation techniques shall still lead to significant uncertainty in the fair value, the Fund Manager, after negotiation with and confirmation from the Fund Custodian, shall suspend valuation and suspend acceptance of subscription applications;
- (5) Other circumstances prescribed by the laws and regulations or specified by the CSRC.

In any of the above circumstances, the Fund Manager shall make a filing with the CSRC in accordance with relevant provisions. For the Redemption applications that have been confirmed, the Fund Manager shall make full payment. If payment cannot be made for the time being, the Fund Manager shall make pro rata payments to each investor who has made an application for Redemption according to the ratio of the amount of each accepted Redemption applications to the total amount of the accepted Redemption applications. The remaining portion of the Redemption amount shall be paid by the Fund Manager on the following Open Day in accordance with the corresponding procedures for related situations.

In the case of circumstances mentioned above in Paragraph (3), the delay in payment of redemption proceeds for the accepted Redemption application shall not exceed 20 Working Days, and shall be announced on Designated Media. The Investors may choose in advance to cancel the portion of Redemption application that cannot be met on the same day.

For the suspension of Redemption of the Fund, the Fund Manager shall promptly make an announcement of redemption suspension on Designated Media.

Once the circumstances causing the suspension of Redemption are removed, the



Fund Manager shall resume the business of redemption in a timely manner and shall make an announcement on Designated Media in accordance with related provisions.

### **(XIII) Fund Switching**

1. Fund switching means the act that Investors apply to the Fund Manager for switching part or all of the units of any open-ended fund (switch-out fund) he/she holds and managed by Fund Manager to units of any other open-ended fund (switch-in fund) managed by Fund Manager.

#### **2. Regular Switching Business Rules**

(1) The business hours of inter-fund switching are consistent with the trading days of the Shanghai Stock Exchange and the Shenzhen Stock Exchange.

Due to the differences in systematic and business arrangement among Sales Agencies, their business hours on exact open days may vary and are subject to the time specified by Sales Agencies.

(2) Fund switching can only take place at the same Sales Agency.

#### **3. Switching Fee**

The Fund switching fee consists of the make-up fee for switch-in and switch-out fund subscriptions and the redemption fee of the switch-out fund; the specific fee charged for each case will be determined by the difference in subscription fee rates of the two funds and the redemption fee rate of the switch-out fund. Fund Unitholder shall pay the fees for Fund switching. The equations are as follows:

(1) Switch-out amount = switch-out fund units × net asset value per unit of the fund on the day of switching out

(2) Switch-in amount:

- ① If subscription fee rate of the switch-in fund > subscription fee rate of the switch-out fund,

Switch-in amount = switch-out amount  $\times$  (1 - redemption fee rate of the switch-out fund) / (1 + subscription fee rate of the switch-in fund - subscription fee rate of the switch-out fund)

- ② If subscription fee rate of the switch-out fund  $\geq$  subscription fee rate of the switch-in fund,

Switch-in amount = switch-out amount  $\times$  (1 - redemption fee rate of the switch-out fund)

(3) Switching fee = switch-out amount - switch-in amount

(4) Switch-in units = switch-in amount / net asset value per unit of the fund on the day of switching-in

Fund switching business for Class H Fund Units has not been provided for the time being, while the Fund Manager may provide switching business between Class H Fund Units and other funds managed by the Fund Manager, in accordance with related requirements of the laws and regulations, and the Fund Contract. Limits on Fund-switching Units, switching fee rates and other detailed requirements will be otherwise stipulated and announced by the Fund Manager, with notices given to the Fund Custodian and other related entities in advance.

#### **(XIV) Regular Investment Plan**

The Fund Manager may process the Regular Investment Plan for the Investor, the detailed rules shall be confirmed at that time through the release of the announcement or the updated Prospectus by the Fund Manager.

## **IX. Fund Investment**

### **(I) Investment Objective**

To achieve long term capital appreciation for the investors, by making investments in listed companies that are favourable to investors in terms of the profitability growth and investment value.

### **(II) Investment Scope**

The Fund invests in financial instruments with high liquidity, including stocks listed on the Mainland stock exchanges in accordance with Mainland laws (including depositary receipts), government bonds, financial bonds, corporate bonds, repurchase instruments, central bank bills, convertible bonds and other financial instruments approved by CSRC for investment by the Fund.

Within six months after the Fund Contract has come into effect, each type of assets in investment portfolio of the Fund shall comply with the following scope limitation:

Stock assets shall take up for 60% - 95% of the Fund assets, among which stocks issued by listed companies with sound performance growth potential and investment value should account for no less than 80% of the non-cash assets; cashes, bonds, money market instruments and other financial instruments approved by CSRC for investment shall account for 5% - 40%, among which, the cash retained by the Fund and short-term government bonds with maturity of less than one year shall account for not less than 5% of the Net Asset Value of the Fund, among which cash shall exclude deposit reservation for balance, refundable deposits and receivable subscription accounts etc..

While participating in the management of the Fund, the Fund Manager shall pertinently adjust the portfolio ratio amongst stocks, bond and money market investments according to the macro-economic situations in the Mainland and the phased changes in the securities market.

For other investment categories that are permitted for fund investment by relevant laws and regulations or the regulator, the Fund Manager may incorporate such investment categories into the investment scope of the Fund after fulfilling appropriate procedures.

### **(III) Investment Philosophy**

Through the analysis and research on the economic environment and the fundamental scope of the companies, listed companies with potential of continuous growth and investment value, to make pro-active investment management on the basis of it and create an excessive level of income for the Investors.

### **(IV) Benchmark for Investment Performance Comparison**

$75\% \times \text{FTSE China 600 Index} + 20\% \times \text{China General Bond Index} + 5\% \times 1 \text{ year fixed-term deposit rate}.$

### **(V) Investment Strategy**

#### **1. Asset Allocation Strategy**

The Fund shall, through a general quantitative and descriptive qualitative analysis, conduct analysis on the systematic risks in the securities market at that period and any foreseeable risks of each investment category in the future and estimated rate of income, and according to the above strategy, to establish the portfolio ratio between stocks, bonds and cash and other assets, to adjust the principle and scope, regularly or irregularly exercise adjustments in order to objective of avoiding risk and increasing the income.

#### **2. Stock Investment Strategy**

The Fund shall, through the combination of quantitative and qualitative analysis,

conduct general assessment on the growth and investment value of performance of listed companies, which primarily includes analysis on the performance growth, the sustainability on the performance growth and investment value of listed companies (GSV three-dimensional analysis), to select the listed companies which are able to achieve sustainable, speedy growth with investment value.

The GSV three-dimensional analysis mainly includes the following three aspects:

(1) Growth Analysis of Listed Companies

The Fund Manager shall refer to the historical performances of listed companies, and conduct in-depth research on the long-term performance growth prospects of the Company from different perspectives, which is categorized into macro- and micro level

On the macro level, the Fund Manager will study the macroeconomy, global economy and industrial development stages to determine the mid-term and long-term development prospect and overall performance growth potential of the industry to which the listed company belongs, especially focusing on industries with big market space, low demand satisfaction and strong driving force for companies' profits increase.

On the micro level, the Fund Manager will make case studies on performance growth potential of individual companies to discover the companies with absolute profits growth and growth rate higher than the industrial average level.

(2) Performance Growth Sustainability Analysis

In addition to the listed companies' performance growth rates, the Fund Manager will focus on the sustainability of their performance growth. Through an analysis on the scale, productivity, innovative capability, competitive landscape and strengths, corporate governance, management level and other factors of the Company, the Fund Manager will determine the driving forces behind the growth in the performance of the company and its possible period, hence to determine the sustainability on the growth in the performance of the Company, so as to find

out companies with the potential to maintain growth in a longer run

### (3) Investment Value Assessment

After analyzing the performance growth of listed companies and their growth sustainability and finding out the potential listed companies in obtaining sustainable and quick growth in performance, the Fund Manager will also study the value for investment of these companies, including analysis of intrinsic value of stock and comparative research of relative stock pricing level with comparable listed companies in the same industry both at home and abroad, based on multiple relative valuation indicators like price/earnings ratio (P/E), price/book value ratio (P/B) and PEG.

During the stock investment process, the Fund emphasizes the breadth of quantitative study and the depth of qualitative study. The Fund Manager will use quantitative indexes such as revenue growth rate, net profit growth rate, change in gross profit rate, return on equity, P/E, P/B and PEG of the anticipated primary business to comprehensively evaluate the performance growth potential and investment value of listed companies and then choose those which are worth of special attentions; meanwhile, in-depth studies will be carried out through field research and other methods under the help of qualitative indexes like competitive edges, corporate governance, managerial level etc., to determine the authenticity of companies' performance growth and their investment value, define their potential for future performance growth and construct a list of potential companies for the Fund to choose and invest in.

(4) The Fund can invest in depositary receipts. The Fund will combine factors such as macroeconomic conditions, market valuation, the fundamentals of the issuer, using a combination of both qualitative and quantitative analyses to select depositary receipts with comparative advantages to invest in.

## **3. Bond Investment Strategy**

Bond investment strategies of the Fund mainly consist of bond investment portfolio strategy and individual bond selection strategy.

Proportions of various types of bond assets of the Fund are determined through active investment strategy under duration control, based on comprehensive analysis on macro economy and monetary policies, and in accordance with the principle of optimizing risk-earning proportion while considering liquidity. As for structure and adjustment of bond portfolio, the Fund uses portfolio management measures like duration adjustment, yield curve deformation monitoring, credit spread management and bought-back arbitrage in daily management.

When selecting individual bonds, the Fund makes a comprehensive use of interest rate anticipation, yield curve valuation, credit rating analysis, liquidity assessment and other methods to evaluate the risks and earnings of individual bonds.

#### **4. Warrant Investment Strategy**

For warrant investment, the Fund will combine researches on securities fundamentals of the warrant objects and the warrant pricing model to seek a reasonable valuation. Main strategies to be used include: leverage strategy, value mining strategy, profits protecting strategy, spread strategy, two-way warrant strategy, warrants of initial subscription strategy protective of short-selling, and put warrant strategy protective of buying.

The Company will give full consideration to the profitability, liquidity and risks of warrant assets, carefully invest via asset allocation and selection of variety and generic types, and classifications and pursue stable current yield.

### **(VI) Basis and Procedure of Investment Decision-making**

#### **1. Investment Decision-making Basis**

- (1) Relevant Chinese laws and regulations, rules associated with the Fund Contract and relevant internal policies of the Fund Manager;
- (2) Possible influencing factors, such as the macro-economy, industrial conditions, fundamentals of listed companies and related policies;

(3) Anticipated risks and earnings of available investment types.

## **2. Procedure of Investment Decision-making**

The Fund Manager has established a complete internal investment management system, including the investment decision-making commission, investment management department, research department and central trading room.

The investment decision-making commission is the supreme decision-making organization responsible for Fund assets operation of the Fund Manager, consisted of managerial personnel and business mainstay in investment and research. The investment decision-making commission shall, in accordance with the Fund Contract, related laws and regulations as well as relevant rules and regulations of the Company, determine the investment decision-making procedures, authority limits and investment principles of Funds managed by the Fund Manager; determine the overall investment plan of Funds; take responsibilities for risk control of Fund assets, review and approve material investment matters; and supervise and evaluate fund managers. The investment management department and fund managers will construct investment portfolios based on decisions provided by the investment decision-making commission, and organize the implementation, tracing and adjustment work to realize the investment objectives of the Fund. The research department provides related suggestions on investment strategies and securities selection, and is also responsible for the construction and maintenance of the stock pool. The central trading room executes the instructions from fund managers, conducts daily trade of Fund assets and makes timely feedbacks.

## **(VII) Risk-return Characteristics of the Fund**

The Fund is an open-ended securities investment fund whose expected risks and returns are generally higher than those of money market funds and bond funds but lower than those of equity funds.



## **(VIII) Investment Restrictions**

### **1. Prohibited Behaviour**

The following activities of the Fund are prohibited in order to maintain the legitimate rights and interests of the Fund Unitholders:

- (1) To be used to underwrite securities;
- (2) To be used to provide loans or guarantees to others;
- (3) To be invested with unlimited liabilities;
- (4) To be used to purchase and sell other fund units, except as otherwise provided by the State Council;
- (5) To be contributed as capital of the Fund Manager and Fund Custodian of the Fund, or to be used to purchase and sell stocks or bonds issued by Fund Custodian and Fund Manager of the Fund;
- (6) To be used to purchase or sell securities issued by or underwritten within the underwriting period by controlling shareholders of the Fund Manager or the Fund Custodian or by companies which have material conflict of interests with the Fund Manager and Fund Custodian;
- (7) To be used for securities trading activities which include insider trading, manipulating of securities prices and other securities dealing misconducts;
- (8) Other activities prohibited by the applicable laws and regulations, the CSRC and the Fund Contract.

In relation to the aforesaid, any requirements as specified by the laws and regulations which provide otherwise shall prevail.

### **2. Investment Portfolio Restrictions**

The investment portfolio of the Fund shall adhere to the following investment restrictions:

- (1) Any individual stock invested in by the Fund shall not exceed 10% of the Net Asset Value of the Fund;
- (2) Where the Fund or any other fund managed by the Fund Manager hold the

securities issued by the same company, their market capitalization shall not exceed 10% of such securities;

- (3) The Fund should not violate the provisions of the Fund Contract regarding the investment scope, investment strategy and investment ratio.
- (4) The total amount of warrants purchased by the Fund on any trading day shall not exceed 0.5% of the Net Asset Value of the Fund on the preceding trading day. The market value of all warrants held by the Fund shall not exceed 3% of the Net Asset Value of the Fund. The same warrants held by the Fund and other funds managed by the Company shall not exceed 10% of such warrants. Investment ratio of other warrants shall comply with relevant provisions of rules or regulatory authorities;
- (5) When the Fund assets participate in the subscription of stock, the capital amount subscribed for by the Fund shall not exceed its total assets and the number of stock units subscribed for by the Fund shall not exceed the total number of the stocks to be issued by the relevant company in this issue;
- (6) If the Fund purchases or sells bonds to which the Fund Manager and/or Fund Custodian's controlling Unitholders are lead or co-lead underwriters, or distributors during the underwriting period, and bonds underwritten by non-controlling Unitholders during the underwriting period, an approval must be acquired from the investment decision-making commission, a report must be filed to the legal and supervision and audit departments, and the duty of information disclosure must be performed as required.
- (7) Tradable stocks issued by a listed company as held by all open-ended funds managed by the Fund Manager (including open-ended funds and periodically open-ended funds that are at open period) shall not exceed 15% of the total tradable stocks of such listed company. Tradable stocks issued by a listed company as held by all investment portfolios managed by the Fund Manager shall not exceed 30% of the total tradable stocks in such listed company;
- (8) The total market value of active investment in Illiquid Assets shall not exceed 15% of the NAV of the Fund; where the Fund fails to comply with such ratio limit for any reason not attributable to the Fund Manager such as the fluctuation of the securities market, the suspension of trading in stocks of the listed company and the change in Fund size, the Fund Manager shall not

actively increase the investments in Illiquid Assets;

- (9) When the Fund engages in a reverse repurchase transaction with privately offered asset management products and other entities prescribed by the CSRC as counterparty, the criteria for collaterals that are acceptable shall remain consistent with the investment scope as stipulated by the Fund Contract;
- (10) The Fund's investment restriction in depositary receipts shall be based on domestically listed and traded stocks, and shall be calculated in combination with domestically listed and traded stocks;
- (11) Other restrictions in accordance with the laws and regulations and specified by regulatory authorities.

If the above restrictive provisions should be abolished by the laws and regulations or regulatory authorities, the Fund would not be subject to these restrictions after carrying out appropriate procedures.

Except for the abovementioned items (8) and (9), if the investment ratio of the Fund fails to meet the above rules due to factors other than those related to the Fund Manager, such as fluctuation of securities or futures market, merger of listed companies, change in Fund size, the Fund Manager shall make adjustments within 10 trading days. Any provisions as stipulated by laws and regulations which suggest otherwise on it shall prevail.

## **(IX) Principles and Methods for the Fund Manager to Exercise the Rights of Unitholders on behalf of the Fund**

- 1. Not to seek controlling interest or involve in the management of listed companies;
- 2. To facilitate the security and appreciation of Fund assets;
- 3. The Fund Manager shall, according to the relevant regulations of the state, exercise the shareholder's rights independently on behalf of the Fund to protect the interests of the Investors of the Fund;

4. Fund Manager shall, according to the relevant regulations of the state, exercise the creditor's rights independently on behalf of the Fund to protect the interests of the Investors of the Fund;

## **(X) Report on the Fund Portfolio**

The board of directors and directors of the Fund Manager guarantee that there are no false records, misleading statements or serious omissions in the report and hold individual and joint responsibility for the authenticity, accuracy and completeness of the information herein.

Pursuant to the Fund Contract, Industrial and Commercial Bank of China Limited, the Fund Custodian, reviewed the financial indexes, net value performance and portfolio reports of the Report on October 18, 2019 and ensured that there were no false records, misleading statements or serious omissions in what had been reviewed.

The data stated in the report on the Fund portfolio is as of September 30, 2019, the financial information in the report has not been audited.

### **1 Information about the fund portfolio at the end of the reporting period**

<b>No.</b>	<b>Project</b>	<b>Amount (RMB)</b>	<b>Proportion in the Total Fund Asset (%)</b>
1	Equity Investment	1,439,483,197.06	80.88
	Specifically: Stocks	1,439,483,197.06	80.88
2	Investment in Funds	-	0.00
3	Fixed Income Investment	190,285,061.20	10.69
	Specifically: Bond	190,285,061.20	10.69
	Asset-backed Securities	-	0.00
4	Investment in Precious Metals	-	0.00
5	Investment in Financial Derivatives	-	0.00

6	Buying Back the Sale of Financial Assets	71,000,000.00	3.99
	Specifically: Financial assets bought back for sale of buyout repurchase	-	0.00
7	Bank Deposit and Settlement Provisions	74,563,563.92	4.19
8	Other Assets	4,439,283.14	0.25
9	Total	1,779,771,105.32	100.00

## 2. Stock portfolios categorized by Industry at the end of the reporting period

(1) Domestic stock portfolios categorized by Industry at the end of the reporting period

Code	Industry Type	Fair Value (RMB)	Proportion in Net Asset Value of the Fund (%)
A	Agriculture, Forest, Husbandry and Fishery	127,287,531.46	7.21
B	Mining	40,606,116.00	2.30
C	Manufacturing	530,451,390.95	30.03
D	Electric Power, Heating Power, Gas and Water Production as well as Supply	-	-
E	Construction	-	-
F	Wholesale and Retail	-	-
G	Transportation, Storage and Postal Service	42,760,989.00	2.42
H	Accommodation and Catering	-	-
I	Information Transmission, Software and Information Technology Service	190,082,273.11	10.76
J	Finance	236,901,889.00	13.41

K	Real Estate	128,193,024.02	7.26
L	Renting and Commercial Service	143,199,983.52	8.11
M	Scientific Research and Technological Service	-	-
N	Water Conservancy, Environment and Public Facility Management	-	-
O	Residential Service, Repair and Other Services	-	-
P	Education	-	-
Q	Health and Social Work	-	-
R	Culture, Sports and Entertainment	-	-
S	Combination	-	-
	Total	1,439,483,197.06	81.49

(2) HK Stock Connect stock portfolios categorized by Industry at the end of the reporting period

Nil.

### 3. Particulars of top 10 stock investment concerning the proportion of fair value stocks in the Net Asset Value of the Fund at the end of the reporting period

No.	Stock Code	Stock Name	Number of Shares	Fair Value (RMB)	Proportion in the Net Asset Value of the Fund (%)
1	601888	China International Travel Service	1,538,792	143,199,983.52	8.11
2	002714	Mu Yuan	1,773,289	125,016,874.50	7.08
3	300010	Laxum	12,696,913	115,161,000.91	6.52
4	000001	Ping An Bank	7,285,000	113,573,150.00	6.43
5	000961	Zhong Nan Construction	13,247,832	102,803,176.32	5.82
6	600519	Gui Zhou Mao Tai	75,600	86,940,000.00	4.92
7	601318	Zhong Guo PingAn	911,100	79,302,144.00	4.49

8	000858	Wu Liang Ye	507,390	65,859,222.00	3.73
9	002624	Perfect World	2,373,119	65,735,396.30	3.72
10	000661	ZhangChun GaoXin	164,288	64,788,615.68	3.67

#### 4. Bond portfolios categorized by bond types at the end of the reporting period

No.	Bond Code	Fair Value (RMB)	Proportion in the Net Asset Value of the Fund (%)
1	Treasury Bonds	190,285,061.20	10.77
2	Central Bank Bills	-	-
3	Financial Bonds	-	-
	Among them: Policy-oriented Financing Bonds	-	-
4	Enterprise Bonds	-	-
5	Short-term Enterprises Financing Bonds	-	-
6	Medium-term Notes	-	-
7	Convertible Bonds	-	-
8	Negotiable Certificates of Deposit	-	-
9	Others	-	-
10	Total	190,285,061.20	10.77

#### 5 Particulars of Top 5 Bond Investment concerning the Proportion of Fair Value in Net Asset Value of the Fund at the end of the Reporting Period

No.	Bond Code	Bond Name	Quantity	Fair Value (RMB)	Proportion in the Net Asset Value of the Fund (%)
1	019611	19Treasury Bonds 01	954,130	95,403,458.70	5.40
2	019547	16Treasury Bonds 19	1,024,750	94,881,602.50	5.37

**6. Particulars of top 10 asset-backed securities investment ranked by proportion of fair value in the Net Asset Value of the Fund at the end of the reporting period**

Nil.

**7. Particulars of top 5 precious metal investment ranked by proportion of fair value in the Net Asset Value of the Fund at the end of the reporting period**

Nil.

**8 Particulars of Top 5 warrants investment ranked by proportion of fair value in Net Asset Value of the Fund at the end of the reporting period**

Nil.

**9. Analysis of the trading of stock index futures invested by the Fund at the end of the reporting period**

*(1) Particulars of position and profit and loss details of stock index futures invested by the Fund at the end of the reporting period*

Nil.

*(2) Investment policy of stock index futures invested by the Fund*

Nil.



## 10 Analysis of the trading of treasury bond futures invested by the Fund at the end of the reporting period

(1) *Investment policy on treasury bond futures of the Fund*

Nil.

(2) *Particulars of position and profit and loss details of national debt futures invested by the Fund at the end of the reporting period*

Nil.

(3) *Assessment on investment in treasury bond futures in this period*

Nil.

## 11. Notes of the Portfolio Report

During the reporting period, the issuance subjects of the top 10 securities invested by the Fund were not investigated by the regulatory department, nor did they receive public condemnation or punishment within the year prior to the reporting and preparation date.

(2) *There is no stock beyond the investment scope specified in the Fund Contract in the top 10 stocks invested by the Fund.*

(3) *Other Asset Composition*

No.	Name	Amount (RMB)
1	Refundable Deposits	660,413.28
2	Receivables from Securities Liquidation	1,497,657.71
3	Receivable Dividend	-
4	Receivable Interest	1,960,358.70
5	Receivables from Subscriptions	320,853.45
6	Other Receivables	-

7	Deferred Expenses	-
8	Others	-
9	Total	4,439,283.14

*(4) Particulars of the convertible bonds at the stage of conversion held at the end of the reporting period*

Nil.

*(5) Analysis of the restriction on circulation in the top 10 stocks at the end of the reporting period*

Nil.

*(6) Other written description parts in the notes to the portfolio report*

Due to rounding, the sum of sub-items and the total amount may be different.

## X. Performance of the Fund

Performance of the Fund is as at 30 September 2019.

The Fund Manager undertakes to manage and operate Fund assets on the principle on being honest, trustworthy, diligent and responsible, but does not guarantee that the Fund will be profitable. The past performance of the Fund is not indicative of its future performance. Investment involves risks, and investors shall carefully read this Prospectus before making investment decisions.

Comparison between Net Asset Value per Unit of the Fund of the Reporting Period and Performance Benchmark Yield Rate of the Same Period

### 1. Selected Growth Class A Units

Stage	Growth Rate of Net Asset Value①	Standard Deviation of Growth Rate of Net Asset	Rate of Return of Benchmark ③	Standard Deviation of Rate of Return of Benchmark	①—③	②—④
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		Value②		④		
September 8, 2006 to December 31, 2016	34.17%	1.07%	37.95%	0.99%	-3.78%	0.08%
January 1, 2007 to December 31, 2007	133.79%	1.93%	93.06%	1.65%	40.73%	0.28%
January 1, 2008 to December 31, 2008	-55.22%	2.22%	-53.88%	2.27%	-1.34%	-0.05%
January 1, 2009 to December 31, 2009	64.66%	1.78%	66.21%	1.57%	-1.55%	0.21%
January 1, 2010 to December 31, 2010	4.49%	1.43%	-0.84%	1.22%	5.33%	0.21%
January 1, 2011 to December 31, 2011	-28.52%	1.20%	-21.74%	1.00%	-6.78%	0.20%
January 1, 2012 to December 31, 2012	3.95%	1.12%	4.80%	1.06%	-0.85%	0.06%
January 1, 2013 to December 31, 2013	12.32%	1.19%	-0.62%	1.03%	12.94%	0.16%
January 1, 2014 to December 31, 2014	33.82%	1.10%	21.07%	0.84%	12.75%	0.26%
January 1,	75.29%	2.20%	31.25%	1.65%	44.04%	0.55%

2015 to June 30, 2015						
July 1, 2015 to 31 December 2015	-11.84%	2.95%	-11.24%	2.21%	-0.60%	0.74%
January 1, 2016 to December 31, 2016	-7.14%	1.42%	-15.11%	1.27%	7.97%	0.15%
January 1, 2017 to December 31, 2017	9.19%	0.75%	10.07%	0.55%	-0.88%	0.20%
January 1, 2019 to September 30, 2019	25.38%	1.38%	29.62%	1.11%	-4.24%	0.27%
From the Effective Date of the Fund Contract to 30 September 2019	335.85%	1.57%	115.00%	1.36%	220.85%	0.21%

## 2. Selected Growth Class H Units

Stage	Growth Rate of Net Asset Value①	Standard Deviation of Growth Rate of Net Asset Value②	Rate of Return of Benchmark ③	Standard Deviation of Rate of Return of Benchmark ④	①—③	②—④
From the Effective Date of the Fund Contract to December 31, 2016	0.69%	0.95%	0.67%	0.63%	0.02%	0.32%

January 1, 2017 to December 31, 2017	9.37%	0.75%	10.07%	0.55%	0.70%	0.20%
January 1, 2018 to December 31, 2018	-17.71%	1.24%	-23.72%	1.11%	6.01%	0.13%
January 1, 2019 to September 30, 2019	25.70%	1.38%	29.62%	1.11%	-3.92%	0.27%
From the Effective Date of the Fund Contract to 30 September, 2019	13.90%	1.11%	9.56%	0.91%	4.34%	0.20%

## **XI. Fund Assets**

### **(I) Components of Fund Assets**

Total Asset Value of the Fund refers to the total value of all securities, the principal and interests of bank deposits, Subscription amount receivable for the Fund and other investment made by the Fund.

The composition of the Fund assets mainly include:

1. Bank deposits and its accrued interest;
2. Settlement reserves and its accrued interest;
3. Margin paid in accordance with relevant rules;
4. Receivables for settlement of securities trading;
5. Receivables for subscription;
6. Stock investment and its valuation adjustment;
7. Bond investment, its valuation adjustment and accrued interest;
8. Warrant investment and its valuation adjustment;
9. Other investments and their valuation adjustment;
10. Other assets.

### **(II) Net Asset Value of the Fund**

The Net Asset Value of the Fund shall mean the value after deducting liabilities from the Total Asset Value of the Fund.

### **(III) Accounts of Fund Assets**

The Fund has opened a funds settlement account under the name of the Fund Custodian, a fund securities account under the joint name of the Fund Custodian and the Fund, an interbank bond custody account under the name of the Fund and has made a filing with the People's Bank of China respectively. The account opened specifically for the Fund shall be separated from the proprietary assets accounts of the Fund Manager, the Fund Custodian, the Consignment Agency of the Fund and the Fund Registration Agency and other fund assets accounts.

#### **(IV) Safekeeping and Handling of Fund Assets**

The Fund assets are separated from the assets owned by the Fund Manager and the Fund Custodian and the Consignment Agency, and they shall be kept by the Fund Custodian. The Fund Manager and the Fund Custodian shall not vest the Fund assets with their own assets. The assets and returns the Fund Manager and the Fund Custodian obtained in the management, application or other operations of Fund assets shall be vested with the Fund assets. The Fund Manager, the Fund Custodian, Fund Registration Agency and Consignment Agency of the Fund are legally liable to the extent of their own properties; their creditors may not request the freezing or detaining of the Fund assets, or carry out other rights to Fund assets. Other than the handling required by the laws and regulations as well as the Fund Contract, Fund assets shall not be disposed.

The claims arising from the operation of Fund assets by the Fund Manager shall not offset the debts arising from the assets of the Fund Manager; the claims and debts of different Fund assets shall not offset one another.

## **XII. Valuation of Fund Assets**

### **(I) Valuation Purpose**

The purpose of the valuation of the Fund is to objectively and accurately reflect the fair value of the financial assets and the financial liabilities related to the Fund, and the Net Asset Value of the Fund which was calculated and derived from the valuation on the assets of the Fund shall be the basis to calculate the prices of Subscription and Redemption of the Fund.

### **(II) Valuation Date**

The valuation date of the Fund refers to the normal business days of relevant stock exchanges as well as non-business days when the Net Asset Value of the Fund shall be disclosed as required by national laws and regulations.

### **(III) Valuation Methods**

In accordance with requirements in the Notice for Fund Management Companies and Securities Investment Funds to Implement Accounting Standards for Business Enterprises (Document Zheng Jian Kuai Ji Zi [2006] No.23) released by the CSRC, the Fund has implemented the new version of Accounting Standards for Business Enterprises since July 1, 2007. The following valuation methods are stipulated in accordance with the Notice for Securities Investment Funds to Implement Matters Related to Valuation and Net Asset Value per Unit of the Fund in Accounting Standards for Business Enterprises (Document Zheng Jian Kuai Ji Zi [2007] No.21).

The Fund adopts the following methods for valuation:

#### **1. Valuation of Negotiable Securities Listed at the Stock Exchange**

- (1) Negotiable securities listed at the exchange (including stocks, warrants, etc.) shall be valued at the market price (closing price) as listed in the stock exchange on the valuation date; if there is no trading on that day, and there is no major change to the economic environment on the latest trading day,



they will be valued at the market price (closing price) on the latest trading day; If there are major changes to the economic environment on the latest trading day, the valuation may refer to the current market price of similar investment categories as well as material changing factors so as to adjust the latest trading market price and decide the fair value;

- (2) Bonds listed at the exchange for flat price trading will be valued at the closing price on the valuation date; if there is no trading on that day, and there is no major change to the economic environment on the latest trading day, they will be valued at the closing price on the latest trading day; If there are major changes to the economic environment on the latest trading day, the valuation may refer to the current market price of similar investment categories as well as material changing factors so as to adjust the latest trading market price and decide the fair value;
- (3) Bonds listed at the exchange but not for flat price trading will be valued at the flat price resulting from the closing price on the valuation date minus the receivable interest of the bonds included in the closing price of bonds; if there is no trading on the valuation date and no major change to the economic environment since the latest trading day, bonds will be valued at the flat price resulting from the closing price of bonds on the latest trading day minus the receivable interest of the bonds included in the closing price of bonds.
- (4) Negotiable securities listed in the exchange with no active markets will have their fair value decided with valuation techniques. For asset-backed securities listed in the exchange, their fair value will be valued with valuation techniques; if the valuation techniques are not reliable enough to measure the fair value, the valuation will be made based on the cost.

2. Unlisted Negotiable Securities will be addressed depending on the following conditions:

- (1) Unlisted stocks, such as Bonus Units, transferred Units, rationed Units and

SPOs, will be valued at the market price (closing price) of the same stock listed at the stock exchange on the valuation date;

- (2) For unlisted IPOs, bonds and warrants, their fair value will be valued with valuation techniques; if the valuation techniques are not reliable enough to measure the fair value, the valuation will be made based on the cost.
- (3) For IPOs with a defined lock-up period, their values will be valued at the market price (closing price) of the same stock when it is listed in the exchange; for non-IPOs with a defined lock-up period, their fair values will be decided in accordance with relevant regulations of the supervising organization or the industry association.
3. The fair value of the right of allotment of Units which can be enjoyed due to stock holding, or warrant whose trading has been stopped and which has not been exercised shall be determined through adoption of valuation technique.
4. For types of Fixed Income traded in the national interbank bond market like bonds and asset-backed securities, their fair value will be decided with valuation techniques.
5. For the same bond simultaneously traded in two or more than two markets, it will be valued based on the markets respectively.
6. The Fund's valuation and accounting treatment of the depositary receipts shall be based on domestically listed and traded stocks.
7. If it is proved with concrete evidence that the aforesaid valuation methods cannot faithfully represent the fair value, the Fund Manager can negotiate with the Fund Custodian based on specific circumstances so as to use the price best reflecting the fair price for valuation.
8. Confirmation of Fixed Income such as incomes of bond interest, deposit

interest and subscription of resale securities follows the accrual basis principle.

9. Confirmation of dividend income follows the accrual basis principle.
10. The valuation is subject to the compulsory requirements of relevant laws and regulations as well as the supervising organization. In the event of newly-added items, the valuation will be performed in accordance with the latest national regulations.

In accordance with the Fund Law, the Fund Manager should calculate and announce the information of Net Value of the Fund while the Fund Custodian should review and check the information of Net Value calculated by the Fund Manager. Therefore, in light of the accounting issues related to the Fund, if an agreement cannot be reached despite sufficient discussion among all parties on the fair basis, the calculation result of the Fund Manager for the information of Net Value of the Fund will be announced.

#### **(IV) Valuation Objects**

All assets and liabilities held by the Fund, including stocks, bonds, warrant and principal of bank deposits and interest.

#### **(V) Valuation Procedure**

The Fund Manager conducts daily valuation of the Fund. After finishing the valuation, the Fund Manager shall send the valuation result with an official seal in writing via encrypted fax to the Fund Custodian. The Fund Custodian shall review the valuation in accordance with the valuation methods, time and procedure as stipulated in the laws and regulations as well as the Fund Contract. If no error is found, the Fund Custodian shall return the facsimile written valuation result sealed by its official stamp to the Fund Manager. Review of valuation at the end of the month, the middle of the year and the end of the year

is conducted at the same time as that of the reconciliation of the accounting books of the Fund.

## **(VI) Confirmation of the Net Asset Value per Unit of the Fund and Handling Measures with Valuation Mistakes**

Net Asset Value per Unit of the Fund is rounded to four decimal places. In the event of the mistake in the valuation or the calculation of the Net Asset Value per Unit of the Fund, the Fund Manager should make immediate correction and take appropriate measures to prevent further loss. In the event that the mistake of the Units of a certain class of the Fund reaches or exceeds 0.25% of the Net Asset Value per Unit of such class, the Fund Manager should make a filing with the CSRC; in the event that the valuation mistake reaches or exceeds 0.5% of the Net Asset Value per Unit of the such class, the Fund Manager should make a public announcement and make a filing with the CSRC. The Fund Manager shall bear primary liability for any losses of the Investor resulting from the error in the valuation of the Fund. The Fund manager shall have the right to claim for indemnity against the party who is responsible for the error for those liabilities which shall not be borne by it.

Concerning error handling, the parties to the Contract should handle them in accordance with the following ways:

### **1. Error Type**

During operations of the Fund, in the event that errors are caused by the wrongdoing of the Fund Manager or the Fund Custodian, or the Registration Agency, or the Sales Agency, or the Investor himself or herself, and which result in the loss of other parties, the wrongdoer should bear the liability for damages and compensate the party suffering loss due to the error (the "aggrieved party") based on the following "principles of error handling".

The main types of the aforesaid errors include, but are not limited to: errors in information reporting, errors in data transmission, errors in data calculation, errors in system failure, instruction errors, etc.; Any technology-induced error,

which cannot be predicted, avoided or overcome based on the existing level of technology in the same industry, such errors shall be deemed as a force majeure and shall be handled according to the following regulations.

In the case where loss or mishandling or other errors were committed to an investor's transaction information due to force majeure, the party making the error due to force majeure should not assume any liability to compensate to other parties, but the party who has obtained any unjust enrichment shall be obliged to return the unjust enrichment.

## 2. Principles of Error Handling

- (1) Where there is an error but has not caused any loss to the parties yet, the party responsible for the error shall duly coordinate with various parties to make a correction in time, and the expenses incurred in the process of correction shall be borne by the party responsible for the error. In the case that any party suffers a loss because the party responsible for the error fails to correct the existing errors in time, the party responsible for the error shall pay for the loss caused thereby to the parties concerned. If the party responsible for the error has made an active coordination and the party with the obligation for assistance has enough time to make a correction but fails to do so, this party shall assume the corresponding liability to compensate. The party responsible for the error shall confirm the corrections with the parties involved and ensure the errors have been corrected;
- (2) The party responsible for the error shall only be responsible for the direct loss rather than the indirect loss caused to the parties directly related to the error but not to any third party;
- (3) The party receiving unjust enrichment due to an error shall have the obligation to timely return the unjust enrichment. However, the party responsible for the error shall still assume the liability for the error. If the party receiving the unjust enrichment fails to return the unjust enrichment in whole or in part, therefore causing loss of benefit to other parties (the "Suffering Parties"), the party responsible for the error shall pay for the loss of the Suffering Parties and the former shall be entitled to request the party with the unjust enrichment to return the unjust enrichment to the extent of the

compensation amount that the former has paid; if the party with this unjust enrichment has returned the unjust enrichment to the Suffering Party, the Suffering Party shall return to the party responsible for the error the balance of the obtained compensation amount obtained plus the unjust enrichment and excess over its actual losses;

- (4) Error adjustment should adopt the method of restoring the situation as much as possible as if no error has occurred.
- (5) In the event that the party responsible for the error refuses to make compensation, the Fund Custodian shall, for the benefit of the Fund, make a claim for compensation against the Fund Manager for the losses of Fund assets arising from the actions of the Fund Manager. When the Fund Custodian's actions have caused losses to the Fund's assets, the Fund Manager shall make a claim for compensation against the Fund Custodian for the benefit of the Fund. In the event that the fault of a third party other than the Fund Manager and the Fund Custodian results in loss of Fund assets and the third party refuses to make compensation, the Fund Manager is obliged to raise a claim for recovery.
- (6) In the event that the party responsible for the error fails to compensate the Suffering Party as required and the Fund Manager has according to the relevant laws and regulations, the Fund Contract or other regulations, assumed the liability to compensate the Suffering Party either at its own discretion or as per the court or arbitral award in accordance with the laws and regulations, the Fund Contract or other requirements, the Fund Manager reserves the right of recourse against the party responsible for the error and request it to compensate or indemnify against the cost and the loss incurred.
- (7) Errors should be handled according to the other principles specified in the laws and regulations.

### 3. Error Handling Procedure

Upon the discovery of the error, related parties should promptly handle it according to the following handling procedures:

- (1) Identify the cause of the error, list all parties and determine the erring party depending on the cause;
- (2) Evaluate the loss due to the error based on principles or methods of error

handling agreed by parties;

- (3) The party responsible for the error corrects and compensates the loss based on principles of error handling or methods agreed upon by the parties through negotiations;
- (4) If the method of error handling requires revision of the trading data in the Fund Registration Agency, the Fund Registration Agency shall correct the data accordingly and confirm the same with related parties;
- (5) In the event that the calculation mistake of the Net Asset Value per Unit of a certain class of the Fund calculated by the Fund Manager and the Fund Custodian reaches or exceeds 0.25% of the Net Asset Value per Unit of such class, the Fund Manager should make a filing with the CSRC; in the event that the calculation mistake of the Net Asset Value per Unit of a certain class of the Fund reaches or exceeds 0.5% of the Net Asset Value per Unit of such class, the Fund Manager should make a public announcement and make a filing with the CSRC.

## **(VII) Conditions of Valuation Suspension and Solutions**

1. The stock exchanges on which the Fund's investments are traded are closed because of public holidays;
2. The Fund Manager cannot accurately assess the asset value of the Fund due to force majeure or other conditions;
3. When assets amounting to more than 50% of the NAV of the Fund had no referable active market price on the preceding valuation day, and even applying valuation techniques shall still lead to significant uncertainty in the fair value, the Fund Manager, after negotiation with and confirmation from the Fund Custodian, decides to suspend valuation of the Fund;
4. Other conditions prescribed by the CSRC.

## **(VIII) Treatment of Special Circumstances**

1. In the event that the Fund Manager perform valuation in accordance with the Item 7 under "Valuation Methods", the valuation deviation shall not be

regarded as valuation error in respect of the Fund assets;

2. If the Fund Manager and the Fund Custodian have taken necessary, appropriate and reasonable measures to check but still did not discover the mistakes because the mistakes were due to the data transmitted by the exchanges and/or the registration and settlement company or other factors of force majeure, the Fund Manager and the Fund Custodian may be exempted from the liability to compensate. However, the Fund Manager and the Fund Custodian should actively take necessary measures to eliminate the impact of such errors.



## **XIII. Fund Income and Distribution**

### **(I) Components of Income**

Fund income refer to bonus, dividend, bond interest from the Fund's investments, spreads of securities trading, interest income of bank deposits and other income. Savings of cost or expense derived from the application of the Fund assets should be included as its income.

### **(II) Net Fund Income**

Net Fund Income is the balance of Fund returns minus expenses that can be deducted from Fund returns in accordance with relevant requirements.

### **(III) Principles of Fund Income Distribution**

1. On the premise that it meets the requirements of dividends distribution of the Fund, the income shall be distributed no more than four times a year, the annual distribution ratio shall not be less than 50% of the distributable income of the year. The Fund income may not be distributed during the three months after the Fund Contract comes into force;
2. There are two methods in the distribution of the income of the Fund: cash dividends and dividends reinvestment. The Investor can choose to receive cash dividends or reinvest the cash dividends that are automatically converted into corresponding Units based on the Net Asset Value per Unit of the Fund on the ex-right date. If the Investor doesn't elect, the default mode of income distribution of the Fund shall be cash dividends. Please refer to the supplementary documents of the Prospectus for the income distribution methods of Class H Fund Units.
3. If net loss in Fund investment occurs in the current period, distribution of income should not be performed;
4. Fund income of the year should be firstly used to make up the loss of the preceding year before distribution in the current year;
5. After the distribution, the Net Asset Value per Unit of the Fund should not be

lower than its denomination;

6. Every Fund Unit of the same class shall have the same rights for distributions.
7. If there are any other stipulations under the laws and regulations or regulator, then such stipulations shall prevail.

#### **(IV) Confirmation and Announcement of Income Distribution Scheme**

Fund income distribution scheme shall include objects of Fund income distribution, principles of distribution, dates of distribution, amount and ratio of distribution, methods of distribution, terms of payment, etc.

The Fund income distribution scheme shall be drafted by the Fund Manager and reviewed by the Fund Custodian, and an announcement shall be made on Designated Media in accordance with the requirements under the Measures for Information Disclosure.

#### **(V) Expenses incurred in Fund Income Distribution**

The bank transfer fee or other handling fees incurred in the case of income distribution shall be borne by the Investor. In the event that the cash dividends of Fund Unitholders' certain Fund Unit is less than a certain amount, which is insufficient to pay off the bank transfer fee or other handling fees, the Fund Registration Agency can automatically transform the cash dividends of the Investor to Fund Units at the Net Asset Value per Unit of the Fund on the ex-right date. The calculation of re-investment of dividends shall be carried out in accordance with the "Business Rules of the CCB Open-ended Funds".

## **XIV. Fund Expenses and Taxes**

### **(I) Fees Related to Fund Operations**

#### **1. Types of Fund Fees**

- (1) Management fee of the Fund Manager;
- (2) Custodian fee of the Fund Custodian;
- (3) Sales and service fees (collected in accordance with the Fund Contract and then valid CSRC regulations related);
- (4) Information disclosure fee after the Fund Contract comes into effect;
- (5) Fund-related accounting fee and counsel fee after the Fund Contract comes into effect;
- (6) Fee for general meeting of Fund Unitholders;
- (7) Securities trading fee of the Fund;
- (8) Fee of bank remittance
- (9) Other fees that can be disbursed from Fund assets as per relevant laws and regulations and the Fund Contract.

The expenses incurred upon the termination of the liquidation for the Fund Contract shall be deducted from the Total Asset Value of the Fund based on the actual expenditure amount.

#### **2. Standards or Methods for Provision of Fund Fees**

- (1) Management Fee of the Fund Manager

Generally, the Fund management fee should be drawn as 1.5% per annum of the Net Asset Value of the Fund on the preceding day. The calculation is as follows:

$$H = E \times 1.5\% \div \text{number of days of the year}$$

H for the Fund management fee accrued every day

E for the Net Asset Value of the Fund on the preceding day

The Fund management fee is calculated and accrued on a daily basis to the end of every month and payable monthly. The Fund Manager should send the instruction to the Fund Custodian to transfer the Fund management fee, and the

Fund Custodian shall review and pay the Fund Manager a lump-sum payment from the Fund assets within first two working days of the following month. In case of statutory holidays or rest days, the payment shall be postponed accordingly.

## (2) Custodian Fee of the Fund Custodian

Generally, the Fund Custodian fee should be drawn as 0.25% per annum of the Net Asset Value of the Fund on the preceding day. The calculation is as follows:

$$H = E \times 0.25\% \div \text{number of days of the year}$$

H for the Fund Custodian fee accrued every day

E for the Net Asset Value of the Fund on the preceding day

The Fund Custodian fee is calculated and accrued on a daily basis to the end of each month and payable monthly. The Fund Manager should send the instruction to the Fund Custodian to transfer the Fund custodian fee, and the Fund Custodian should review and pay the Fund Manager a lump-sum payment from Fund assets within first two working days of the following month. In case of statutory holidays or rest days, the payment shall be postponed accordingly.

## (3) Sales and Service Fees

Sales and service fees refer to such fees as drawn by the Fund Manager from the assets of open-ended Funds pro rata in accordance with provisions of the Fund Contract and the valid and relevant laws and regulations, for payment of commissions to Sales Agency, marketing fees for the Fund and Fund Unitholders' service fees.

With regard to collection of sales and service fees of the Fund, the Fund Manager shall, in accordance with the Fund Contract, draw sales and service fees at appropriate time, provided that an announcement shall be made before the implementation date on Designated Media in accordance with the requirements under the Measures for Information Disclosure. Such announcement shall provide the conditions, procedures, purpose and rate standards for sales and service fees.

Sales and service fees of the Fund shall be collected at an annual rate not

exceeding 1% of the Net Asset Value of the Fund and the specific rate shall be then announced by the Fund Manager on Designated Media. The proportion of such sales and service fees of the Fund as applied to the service of the Fund Unitholders shall not be lower than 25%.

Provisions otherwise stipulated by the laws and regulations shall be followed.

Upon formal collection of sales and service fees of the Fund, in general, sales and service fees of the Fund shall be drawn at the annual rate of the Net Asset Value of the Fund on the previous date. Calculation thereof is as follows:

$H = E \times N \div \text{number of days of the year}$

H for the sales and service fees accrued on a daily basis

E for the Net Asset Value of the Fund on the preceding day

N for such annual rate for sales and service fees as disclosed by the Fund Manager in accordance with relevant stipulation of the CSRC, the Fund Contract, the Prospectus or the Updated Prospectus, or specified by the Fund Manager in the announcement made on Designated Media.

Sales and service fees shall be calculated and accrued on a daily basis and payable on a monthly basis upon the date of formal collection as specified in the Fund Manager's announcement.

The Fund Manager and the Fund Custodian may discuss to lower rates for the Fund management fee, the Fund custodian fee and sales and service fees at their own discretion without the approval of the general meeting of Fund Unitholders, provided that the Fund Manager must make an announcement on Designated Media in accordance with the requirements under the Measures for Information Disclosure prior to the adoption of the new rates.

Fees specified in Item (4) to Item (7) under this clause should be paid as per actual by the Fund Custodian from Fund assets and included in the current period fees as required by other related laws and regulations as well as corresponding agreements.

## **(II) Fees Incurred in the Sales of Fund**

Please refer to "VI. Offering of the Fund" of the Prospectus for the rates of the initial subscription fee of the Fund, calculation formula, collection method and usage. Please refer to "VI. Offering of the Fund" of the Prospectus for the rates of the subscription fee and the redemption fee of the Fund, calculation formula, collection method and usage. Relevant rules on fees for switching between different Funds shall be then formulated and announced by the Fund Manager in accordance with relevant laws and regulations as well as the Fund Contract.

## **(III) Items not included in the expenses of the Fund**

Items not included in the expenses of the Fund:

1. Fees and expenses or loss of Fund assets arising from the failure of the Fund Manager and the Fund Custodian to perform or fully perform their obligations;
2. The expenses for matters not in relation to the Fund's operations handled by the Fund Custodian and the Fund Manager;
3. Related fees incurred before the Fund Contract comes into effect, including but not limited to capital verification fee, the accounting fee, legal fee and information disclosure fee, etc;
4. Any other items that cannot be included in the expenses of the Fund according to the relevant laws and regulations and relevant requirements of the CSRC.

## **(IV) Taxation**

Every taxpayer involved in the operation of the Fund shall pay tax pursuant to the taxation laws and regulation of China.

## **XV.Accounting and Auditing of the Fund**

### **(I) Fund Accounting Policies**

1. The Fund Manager shall be responsible for the accounting of the Fund;
2. The fiscal year of the Fund starts from January 1 of every Gregorian calendar year and ends on December 31; the fiscal year of the first offering is determined in accordance with the following principle: if the Fund Contract has comes into effect for no longer than three months, that fiscal period may be consolidated into the next fiscal year;
3. The Fund adopts RMB as its reporting currency and RMB Yuan as bookkeeping unit;
4. The accounting system of the Fund shall comply with the relevant accounting rules of the State.
5. The Fund shall keep its own books and accounting independently.
6. The Fund Manager and the Fund Custodian shall separately keep complete accounting records and evidence, and carry out daily accounting calculations and prepare the financial statements of the Fund according to the relevant rules.
7. The Fund Custodian shall crosscheck and confirm in writing the audit and statements of the Fund with the Fund Manager every month.

### **(II) Annual Fund Auditing**

1. The Fund Manager shall engage an accounting firm and certified public accountant (CPA) therein that are independent from the Fund Manager and the Fund Custodian and qualified for practicing securities and futures related activities to audit the annual financial statements of the Fund.
2. It is imperative for the accounting firm to seek the consent of the Fund Manager and the Fund Custodian before it can replace the transacting CPAs;
3. When the Fund Manager deems it sufficiently reasonable to replace the accounting firm, the replacement can be carried out after being approved by the Fund Custodian and filed with the CSRC. Replacement of accounting firm shall be announced on Designated Media in accordance

with the requirements under the Measures for Information Disclosure since the resolutions take effect.



## **XVI. Information Disclosure of the Fund**

(1) Information of the Fund shall be disclosed in compliance with the Fund Law, the Measures for Operation, the Measures for Information Disclosure, the Liquidity Risk Management Rules, the Fund Contract and other relevant regulations.

## (2) Information Disclosure Obligors

The information disclosure obligors of the Fund include the Fund Manager, the Fund Custodian and the Unitholders who convene the Unitholders' Meeting, being natural persons, legal persons and unincorporated organizations as required by the laws, administrative regulations and the CSRC.

To protect the interests of the Unitholders as the fundamental starting point, the information disclosure obligors shall disclose the information on the Fund in accordance with the Laws and Regulations and the requirements of the CSRC, and assure the truthfulness, accuracy, completeness, timeliness, conciseness and accessibility of the information so disclosed.

The information disclosure obligors of the Fund shall disclose the Fund information that should be disclosed through the national newspaper designated by the CSRC (hereinafter referred to as the "Designated Newspaper") and the designated Internet websites (hereinafter referred to as the "Designated Websites") and other media within the time specified by the CSRC. The information disclosure obligors shall ensure that Fund Investors can inspect or copy such publicly disclosed information in the time and manner stipulated in the Fund Contract.

Please refer to the Prospectus and its supplementary documents for the information disclosure methods of Class H Units that the information disclosure obligors should disclose.

(3) The Fund information disclosure obligor agrees that the publicly disclosed Fund information shall not have the following:

1. false records, misleading statements or material omissions;
2. performance forecast of securities investment;
3. illegal promises for gains or losses;

4. defamation of other fund managers, fund custodians or fund sales agencies;
5. publish of any congratulatory, complimentary or recommending texts by any natural persons, legal persons or unincorporated organisations;
6. other actions prohibited by the CSRC.

(4) The information disclosure of the Fund shall be released in Chinese. If other foreign texts are used at the same time, the information disclosure obligors shall ensure the consistency of the different texts. In the case of inconsistency of the different versions, the Chinese text shall prevail.

The information publicly disclosed information by the Fund uses Arabic numerals; unless specified, the currency unit is RMB.

#### (5) Information of the Fund to be Publicly Disclosed

The information of the Fund to be publicly disclosed include:

1. Prospectus, the Fund Contract, Custodian Agreement, the Fund product information summary

The Fund Manager shall, after the fund raising application is registered by the CSRC and within three days prior to offering of the Fund Units, publish an alert of the offering of the Fund Units, an alert of the Prospectus and an alert of the Fund Contract on the Designated Newspaper. The Fund Manager shall publish the announcement of offering of the Fund Units, the Prospectus, the fund product information summary, the Fund Contract and the Custodian Agreement on the Designated Website. The fund product information summary shall also be published on the websites of the Sales Agencies or business websites. The Fund Custodian shall simultaneously publish the Fund Contract and the Custodian Agreement on its own website.

(1) The Prospectus shall disclose to the greatest extent all matters affecting the decision of the Fund Investor, setting out information such as the arrangements for Initial Subscription, Subscription and Redemption of the Fund, the Fund investments, Fund product characteristics, risk disclosure, information disclosure and services for Unitholders of the Fund. After the coming into effect of the Fund Contract, in the event of any significant change to the information of the Fund product information summary, the Fund Manager shall update the Prospectus and publish it on the Designated Website within 3 Working Days. In the event of any change to the other information in the Prospectus, the Fund Manager shall update the Prospectus at least once a year. In the event of termination of the Fund, the Fund Manager shall cease to update the Prospectus.

(2) The Fund Contract is a legal document that sets out matters that significantly affect the interests of Fund Investors, including defining the rights and obligations of the parties to the Fund Contract, clarifying the rules and general procedures to convene the Unitholders' meetings and setting out the characteristics of the Fund products.

(3) The Custodian Agreement is a legal document that defines the rights and duties between the Fund Custodian and the Fund Manager in terms of matters such as the safekeeping of Fund assets and the operation and supervision of the Fund.

(4) The fund product information summary is a summary document of the Prospectus, used to provide concise and accessible information about the Fund. After the Fund Contract takes effect, in the event of any significant change to the fund product information summary, the Fund Manager shall update the same and publish it on the Designated Websites and the websites of the Sale Agencies or business websites within 3 Working Days. In the event of any other changes to the fund product information summary, the Fund Manager shall update it at least once a year. In the event of termination of the Fund, the Fund Manager shall cease to update the fund product information summary.

## 2. Announcement on the Fund Unit Offering

The Fund Manager is required to prepare and issue the Offering Announcement, and to publish the same on the Designated Media on the date when the Prospectus is disclosed.

### 3. Announcement of the coming into effect of the Fund Contract

The Fund Manager shall publish an announcement on the coming into effect of the Fund Contract on the Designated Media on the day after the Fund Contract comes into effect.

### 4. Information on the Net Value of the Fund

After the coming into effect of the Fund Contract and before processing the Subscription or Redemption of Fund Units, the Fund Manager shall disclose the Net Value of the Units and the accrual net value of the Units of the Fund on the Designated Website at least once every week.

Upon commencement of processing the Subscription or Redemption of the Units, the Fund Manager shall disclose the Net Value per Unit of the Fund and the cumulative Net Value per Unit of the Fund of different classes through the Designated Websites, the websites of the Sales Agencies or business websites no later than the day following each Working Day (excluding circumstances where the Fund Manager announces to suspend the Subscription or Redemption).

The Fund Manager shall disclose the Net Value per Unit of the Fund and the cumulative Net Value per Unit of the different classes of the Fund of the last day of the semi-annual and annual period on the Designated Websites no later than the day following the last day of a semi-annual and annual period. The Net Asset Value of the Fund, Net Value per Unit of different classes of Fund Units and the cumulative Net Value per Unit of the Fund shall be published by the Fund Manager on Designated Media and the website of the Fund Manager on each day following such market trading days.

## 5. Subscription and Redemption Prices for Fund Units

The Fund Manager shall specify, in the Fund Contract, the Prospectus and other documents for information disclosure, how the subscription and redemption prices are calculated as well as the related rates for subscription and redemption. The Fund Manager shall further ensure that Investors can have access to or make copies of the said information and materials at the websites of the Sales Agencies or business websites.

## 6. Fund periodic reports, including Fund Annual Reports, Interim Reports and Quarterly Reports

Within 3 months after the end of each year, the Fund Manager shall prepare and complete the annual report of the Fund and publish the annual report on the website, and publish an alert of the annual report on the Designated Newspapers. The financial and accounting reports contained in the annual report of the Fund shall be audited by an accounting firm qualified for securities and futures related business.

Within 2 months after the end of the first six months in each year, the Fund Manager shall prepare and complete an interim report of the Fund and publish the same on the website, and publish an alert of the interim report of the Fund on the Designated Newspapers.

Within 15 days after the end of each quarter, the Fund Manager shall prepare and complete a Fund quarterly report and publish the same on the Designated Websites publish an alert of the quarterly report on the Designated Newspapers.

Where the Fund Contract is in effect for less than 2 months, the Fund Manager may choose not to prepare the quarterly report, interim report or annual report for the period.

During the continuing operation of the Fund, the Fund Manager shall disclose circumstances of the portfolio assets and liquidity risk assessment in the annual reports and interim reports of the Fund.

During the operation of the Fund, if within the reporting period there is a single investor of Class A or a single nominal holder of Class H Units holding Units reaching 20% or more of the total number of Units, to protect the interests of other investors, the Fund Manager shall at least disclose the category of, number and proportion of Units held at the end of the reporting period by such investor, changes within the reporting period in Units held by such investor and the specific risks of the Fund under the “Other material information affecting investor decision-making” section in the periodic reports of the Fund, except for special circumstances prescribed by the CSRC.

## 7. Temporary Reports

If, during the operation of the Fund, any major event occurs, the relevant party having an obligation to disclose shall prepare a temporary report in accordance with the relevant provisions of the Measures for Information Disclosure and publish the same on the Designated Newspapers and Designated Websites.

The major events mentioned in the preceding paragraph refer to the following events that may have a significant impact on the interests of the Fund Unitholders or the prices of the Units:

- (1) Convening of and Matters Decided in the Fund Unitholders’ general meeting;
- (2) Termination of the Fund Contract and Liquidation of the Fund;
- (3) Change of the Fund operation mode and Fund consolidation;
- (4) Replacement of the Fund Manager, Fund Custodian, Fund share registrar, Fund re-appointed accounting firm;

- (5) Engagement of a fund service provider to handle the Fund's share registration, accounting, valuation and other matters by the Fund Manager on its behalf, and the engagement of a fund service provider to handle the Fund's accounting, valuation, review and other matters by the Fund Custodian on its behalf;
- (6) Change of the legal name or domicile of the Fund Manager or the Fund Custodian;
- (7) Any change in the Fund Manager's shareholders holding 5% or above its shares and any change in the actual controller of the Fund Manager;
- (8) Extension or early termination of the Fund Offering Period;
- (9) Changes in the senior management members or the portfolio manager of the Fund Manager and persons in charge of the funds custody department of the Fund Custodian;
- (10) Replacement of more than 50% of the directors of the Fund Manager in the past 12 months or replacement of more than 30% of the portfolio managers of the Fund Manager or the key personnel of the funds custody department of the Fund Custodian in the past 12 months;
- (11) Litigation or arbitration involving fund assets, fund management business or fund custody business;
- (12) The Fund Manager, any of its senior management members or the portfolio manager receives severe administrative or criminal penalty for actions in relation to its fund management business, or the Fund Custodian or the person in charge of its funds custody department receives severe administrative or criminal penalty for actions in relation its fund custodian business;
- (13) Except as otherwise provided by the CSRC, the Fund Manager uses fund assets to trade in the issued securities of, or issued securities underwritten during the underwriting period of, the Fund Manager, the Fund Custodian and their respective controlling shareholder or actual controller or other companies with which it has a significant interest, or engages in other major connected transactions;
- (14) Matters in connection with distribution of Fund income;



- (15) Alteration of accrual standards, methods and rates of the fees including the management fee, custodian fee, subscription fee and redemption fee.
- (16) Any calculation error of the Net Value per Unit of the Fund amounting to 0.5% of the Net Value per Unit of the Fund;
- (17) Commencement of application for subscription and redemption of the Fund;
- (18) The Fund defers redemption payment due to Massive Redemption;
- (19) The Fund suspends Redemption applications or defers redemption payments due to continuous Massive Redemption;
- (20) The Fund suspends subscription and redemption applications or re-accepts applications for subscription and redemption;
- (21) When major events involving Subscription of the Fund, adjustment of Redemption matters or potential effects on Redemption by Investors occur; and
- (22) Other matters that the fund information disclosure obligor believes may have a significant impact on the interests of the Unitholders or the price of the Units, or other events as prescribed by the CSRC.

#### 8. Clarification Announcement

During the term of the Fund Contract, if any information appears on any public domain or circulates in the market that may have misleading influence on the price of the Fund Units or results in considerable fluctuation, and may harm the interests of the Fund Unitholders, the information disclosure obligor shall immediately clarify such information publicly and report such information to the CSRC after learning of the same.

#### 9. Resolutions of the General Meeting of Fund Unitholders

Resolutions passed at the general meeting of Fund Unitholders shall be submitted to the CSRC for approval or filing in accordance with the law and an announcement shall be made. The convener of a general meeting of Fund Unitholders shall announce at least 40 days in advance, the time, manner, matters to be considered, the rules of proceedings and the voting methods and other matters of the meeting.

If the Fund Unitholders convene a general meeting of Fund Unitholders in accordance with the laws, and the Fund Manager and the Fund Custodian fail to perform the information disclosure obligation for the matters resolved at the meeting, the convener shall perform the same.

#### 10. Liquidation Report

Upon the termination of the Fund Contract, the Fund Manager shall establish the fund-assets liquidation group to conduct the liquidation and prepare the liquidation report. The fund-assets liquidation group shall publish the liquidation report on the Designated Website and publish an alert on the liquidation report in the Designated Newspaper.

#### 11. Other information specified by the CSRC

##### (6) Management of Matters of Information Disclosure

The Fund Manager and the Fund Custodian shall set up a comprehensive information disclosure management system, and designate specialized departments and senior management personnel to manage the matters of information disclosure.

The information disclosure obligors of the Fund shall disclose to the public the information on the Fund in accordance with the relevant regulations of the CSRC and other laws and regulations on the content and format standards of information disclosure.

The Fund Custodian shall, in accordance with the relevant laws and regulations, administrative regulations, the requirements of the CSRC and the Fund Contract, verify and review the public disclosure of information on the Fund as prepared by the Fund Manager, such as the NAV of the Fund, the net value of the Units, the price for subscription and redemption of the Units, the periodic reports of the Fund, the updated Prospectus, the fund product information summary and the liquidation report, and issue written or electronic confirmation to the Fund Manager.

The Fund Manager and the Fund Custodian shall select a newspaper from the Designated Newspapers for the disclosure of information on the Fund. The Fund Manager and the Fund Custodian shall submit the fund information to be disclosed to the CSRC's electronic disclosure website, and ensure that the relevant submitted information is true, accurate, complete and timely.

In addition to disclosing information on Designated Media in accordance with law, the Fund Manager and the Fund Custodian may also disclose information on other public media as necessary, but such other public media may not disclose information earlier than the Designated Media, and the content of the same information disclosed in different media shall be consistent.

In addition to disclosing information as required by laws and regulations, the Fund Manager and Fund Custodian, may consider the perspective of providing useful information for the decision-making of investors, under the premise of ensuring fair treatment of investors, not misleading investors, and not affecting the normal investment operations of the Fund, may voluntarily enhance the quality of its information disclosure services. The requirements shall comply with the relevant provisions of the CSRC and self-discipline rules. If the aforementioned voluntary disclosure incurs information disclosure expenses, such expenses shall not be expensed from the Fund assets.

Professional institutions that issue audit reports and legal opinions for Fund information publicly disclosed by Fund information disclosure obligors should produce working papers and keep relevant files for at least 10 years after the termination of the Fund Contract.

#### (7) Storage of and Access to the Documents of Information Disclosure

After publishing the information required to be disclosed in accordance with law, the Fund Manager and Fund Custodian shall place such information at the location of the Company for inspection and copying by the public in accordance with relevant laws and regulations.

(8) The information disclosure matters of the Fund shall be subject to the laws and regulations and the contents of this Section.

## **XVII. Risk Disclosure**

### **(I) Systematic Risk**

The Fund mainly invests in the securities market and systematic risks refer to risks arising from the prices fluctuation as a result of the impact of various factors, such as economic factors, political factors, investment psychology and trading system. Major risk factors include policy risk, economic cycle risk, interest rate risk and purchasing power risk.

#### **1. Policy Risk**

Changes to national macroeconomic policies and the laws and regulations, including monetary policies, fiscal policies, industry policies, might exert certain impact on the securities market, thus resulting in risk of price fluctuation of the market and impact on Fund returns.

#### **2. Economic Cycle Risk**

The economy has a cyclical feature, and the cyclical changes in the economy may lead to changes on the fundamental facets of investment in securities by the Fund, which will lead to changes in the prices in securities and will in turn cause risks.

#### **3. Interest Rates Risk**

The fluctuation of interest rates in the financial market will result in changes of prices and yield in the securities and bond market, and at the same time affect the demand and supply level of capital in the securities market, the financing costs and profits of listed companies. Such changes will affect the prices of securities and Fund income.

#### **4. Risk of Purchasing Power**

A proportion of Fund income will be distributed in the form of cash while the purchasing power of cash may be weakened due to the impact of inflation and thus results in decrease of actual investment returns.

## **5. Exchange Rate Risk**

Fluctuation of exchange rate might result in impact on prices of investment objects of the Fund as well as the actual purchasing power of Fund assets.

## **6. Risk in connection with Movements in Bond Yield Curves**

Risk in connection with the movements in the bond yield curves refers to the risk associated with the non-parallel shift in the yield curve.

## **7. Risk of Reinvestment**

A decrease in the market interest rate will affect the reinvestment rate of return of the interest income from the fixed-income securities, which will counterbalance the price risk arising from increased interest rate.

# **(II) Non-systematic Risk**

Non-systematic risk refers to specific risks of certain individual security, including operation risk and credit risk of listed companies.

## **1. Risks from Operations of Listed Companies**

Operations of listed companies are influenced by many factors, such as management ability, financial condition, market prospect, industrial competitiveness, technical updates, R&D, personnel qualification, etc., all of which will lead to changes in profits of companies. If the listed company that the Fund invests in is poorly operated, it may result in lowered stock prices or decrease in equity or bonus, thus lowering Fund investment returns. Although this non-systematic risk can be mitigated through investment diversification, there is no way to avert it completely.

## **2. Credit Risk**

Credit risks refer to risks of decrease of bond price due to default or bond issuer's refusal to pay principal and interest due or because of reduced credit quality of the issuer of the bond. Credit risks also include bond trading risk arising from

default by the counterparty of the bond.

### **(III) Liquidity Risk**

The liquidity risks of the Fund are mainly reflected as effects on the liquidity of the Fund caused by factors such as Fund subscription and redemption. In the process of transaction of the Fund, Massive Redemption may occur. Massive Redemption may lead to difficulties in adjusting the position of the Fund, causing liquidity risk to arise and even affect the net value of Fund Units.

#### **(1) Liquidity Risk Assessment of the Proposed Investment Market, Industry and Assets**

The investment markets of the Fund are mainly stock exchanges and the national inter-bank bond market which are regulated trading places that has better liquidity. The major investment subjects of the Fund are financial instruments with good liquidity and the Fund, based on the principle of diversified investments, does not have the characteristic of high centralization in the industry and individual bonds. Comprehensively evaluated under the normal market environment, the liquidity risk of the Fund is moderate.

#### **(2) Liquidity Risk Management Measures Under Massive Redemption Circumstances**

When Massive Redemption occurs, the Fund Manager may decide to allow full redemption or defer part of the redemption depending on the circumstances of asset portfolio at that time or the percentage of Units under Massive Redemption. Concurrently, if the number of Units redeemed through the application a single Unitholder within a single Open Day reaches over a certain percentage of the total number of Units of the Fund, the Fund Manager is entitled to take measures such as deferral of handling of such redemption application or deferral of payment of the redemption amounts.

#### **(3) Implementation of Alternative Liquidity Risk Management Tools: Circumstances, Procedures and Potential Effect on Investors**

In the case of failing to cope with the Massive Redemption of Investors due to extreme circumstances such as high market volatility and liquidity crisis etc., the Fund Manager shall, while ensuring the protection of lawful interests of Investors,

strictly complying with the provisions of laws and regulations and the Fund Contract, prudently elect to implement liquidity management tools such as the deferral of handling of Massive Redemption applications, suspension of redemption applications, deferral of payment of redemption amounts, charging of short-term redemption fees and other measures as supplementary measures. Regarding the use of all liquidity risk management tools, the Fund Manager shall apply the principles of rigorous approval and prudent decision-making to timely and effectively supervise and assess the risks, and prior to using such tools pass the internal approval procedures and reach a consensus with the Fund Custodian. When actually implementing all liquidity risk management tools, the payment of the Investors' redemption applications and redemption amounts may be affected correspondingly. The Fund Manager shall operate in strict compliance with the provisions of laws and regulations and the Fund Contract, and fully protect the lawful interests of Investors.

#### **(IV) Risk of Fund Management**

Risks of Fund management refer to risks arising from Fund management by the Fund Manager, including but not limited to:

##### **1. Management Risk**

During Fund management and operations, knowledge, experience, judgment, decisions and skills of the Fund Manager would have an impact on its information acquisition and judgment on economic landscape and prediction of securities prices, thus causing management risk.

##### **2. Transaction Risk**

Risks arising from various reasons during investment transactions of the Fund.

##### **3. Operation Risk**

Risk arising from technical faults of the operation system, network system, computers or trading software or due to negligence and errors during operations.



#### **4. Moral Risk**

Risks might be caused by moral default by operational staff, such as insider trading or frauds.

### **(V) Specific Risks of the Fund**

Since the Fund is a mixed fund, it shall ensure a stock investment ratio of at least 60%, resulting from systematic risks of the stock market. Although the Fund's investment in stocks whose values are underestimated is based on standardized value analysis methods, the risk of decline of the market as well as the risk of individual stocks cannot be averted completely. In addition, it is not guaranteed that the Net Asset Value of the Fund will follow completely or surpass the market trend when the stock market experiences a significant increase.

At the same time, the Fund's key investment objects are listed companies with investment value and capable of obtaining sustainable and quick performance growth. Should there be any adjustment to relevant national policies or operation strategies of such listed companies resulting in failure to fully implementation of investment strategies of the Fund, the interest of Fund Unitholders might be influenced.

The Fund's scope of investment involves depositary receipts, apart from the common risks faced by the funds which invest only in the Shanghai Stock Exchange and the Shenzhen Stock Exchange, the Fund will also be facing the risk of price volatility associated with Chinese depositary receipts which may incur a risk of larger financial loss, and related risks associated with the Chinese depositary receipts issuance mechanism, which includes potential risk caused by differences in the legal status and interests actually enjoyed by holders of depositary receipts and shareholders of the overseas underlying securities issuers; risks that may be incurred resulting from special arrangements made to holders of depositary receipts in terms of dividend distributions, exercising of voting rights etc.; risks associated with the depositary agreement which is binding on holders of depositary receipts; the risk of price differences and consequent price

volatility due to multiple listings, the risk of dilution of depositary receipt holders' interests; the risk of delisting of depositary receipts; for underlying securities issuers that are listed overseas, the risks relating to differences in supervision of ongoing information disclosure requirements applicable in the different listing markets; other risks that may be caused by differences in domestic and overseas trading mechanisms, legal systems and regulatory environments.

## **(VI) Other Risks**

Other unforeseeable factors or force majeure may incur risks including wars or natural disasters that might result in loss of Fund assets or impact on Fund returns.

## **XVIII. Termination and Clearing of the Fund**

### **(I) Termination of the Fund Contract**

In any of the following cases, the Fund Contract shall be terminated:

1. The general meeting of Fund Unitholders resolves to terminate the Fund Contract;
2. Where the duties of the Fund Manager or the Fund Custodian have been terminated but there is no new Fund Manager or new Fund Custodian to take over the post within six months;
3. Other circumstances as agreed in the Fund Contract;
4. Other circumstances as stipulated by the CSRC as well as relevant laws and regulations.

When the Fund Contract is terminated, the Fund Manager shall organize a liquidation group to liquidate Fund assets in accordance with relevant provisions of the laws and regulations or the Fund Contract. The Fund Contract shall be terminated upon approval and announcement of the results of liquidation of Fund assets by the CSRC.

### **(II) Liquidation of the Fund**

1. Fund-assets liquidation group: The fund-assets liquidation group shall be established within 30 working days after the date of termination of matters set out in the Fund Contract. The Fund Manager shall conduct liquidation of Fund assets under the supervision of the CSRC.
2. Composition of the fund-assets liquidation group: The members of the fund-assets liquidation group consist of the Fund Manager, the Fund Custodian, CPAs and lawyers qualified for conducting relevant securities and futures activities, as well as persons designated by the CSRC. The fund-assets liquidation group may engage necessary working staff.
3. Roles and responsibilities of the fund-assets liquidation group: It is responsible for safekeeping, disposal, valuation, realization and allocation of Fund assets. The fund-assets liquidation group may carry out necessary civil

activities in accordance with the laws.

4 Procedures for liquidation of Fund assets:

- (1) Upon termination of the Fund Contract, the fund-assets liquidation group shall take over the Fund assets;
- (2) To check and confirm assets, debts and liabilities of the Fund;
- (3) To assess and realize the Fund assets;
- (4) To prepare a liquidation report;
- (5) To engage an accounting firm to conduct external audit with regard to the liquidation report; and to engage a law firm to issue legal opinions with regard to the liquidation report;
- (6) To file the liquidation report with the CSRC before announcing the same;
- (7) To participate in civil actions in relation to Fund assets;
- (8) To announce the results of liquidation of Fund assets; and
- (9) To distribute the remaining Fund assets.

5 The period of liquidation of the Fund assets shall be six months.

### **(III) Costs for Liquidation**

Liquidation costs refer to all reasonable expenses incurred by the fund-assets liquidation group during Fund liquidation, which shall be paid out of the Fund assets by the liquidation group with priority.

### **(IV) Distribution of the remaining Fund assets**

Fund assets shall be distributed after settlement of liabilities in the following order:

- (1) Payment of liquidation expenses;
- (2) Payment of taxes due;
- (3) Settlement of the debts of the Fund;
- (4) The distribution ratio of the remaining assets among different classes will be decided in accordance with the ratio of the respective Net Asset Value per Unit of the Fund at the time of termination of the Fund Contract, and the remaining assets will be distributed at the Fund Unit ratio of each Fund Unitholders of each class in the scope

of the distributable remaining assets in Fund Units of each class respectively.

Fund assets shall not be distributed to Fund Unitholders until the costs and liabilities stated in Items (1) - (3) above are settled.

#### **(V) Fund Liquidation Announcement**

All material matters during the liquidation shall be announced in a prompt manner. The liquidation report prepared by the fund-assets liquidation group shall be filed with the CSRC and announced after being audited by an accounting firm qualified for securities and futures activities and after a law office has issued a legal opinion. The Fund-asset liquidation group shall publish the notification announcement of the liquidation report in the Designated Newspaper.

#### **(VI) Retention of Accounting Statements and Documents for Liquidation of the Fund**

The account books and documents in relation to liquidation of Fund assets shall be retained by the Fund Custodian for at least 15 years.

## **XIX. Summary of the Fund Contract**

### **(I) Rights and Obligations of the Fund Unitholders, the Fund Manager and Fund Custodian**

#### **1. Fund Manager**

Name: CCB Principal Asset Management Co., Ltd.

Domicile: 16/F, Winland International Financial Center, 7 Jinrong Street, Xicheng District, Beijing

Legal Representative: Sun Zhichen

Date of Establishment: September 19, 2005

Body Approving the Establishment: The China Securities Regulatory Commission

No. of Document Approving the Establishment: Zhengjian Jijin Zi [2005] No.158

Form of Organization: Limited liability company

Registered Capital: RMB 200 million

Period of Existence: Continuing operation

#### **2. Fund Custodian**

Name: Industrial and Commercial Bank of China Limited

Registered Address: 55 Fuxingmennei Street, Xicheng District, Beijing, China

Legal Representative: Yi Huiman

Date of Establishment: January 1, 1984

Body and No. of Document Approving Establishment: September 17, 1983 the Decision on the People's Bank of China Exercising the Functions of the Central Bank of the State Council

Form of Organization: Company limited by shares

Registered Capital: RMB 356,406,257,089

Period of Existence: Continuing operation

Fund Custody Qualification Approval and No. of Document: CSRC and People's Bank of China Zhengjian Jizi [1998] No.3

#### **3. Fund Unitholders**

The act of the Fund investors purchasing Fund Units of the Fund is deemed to be

admission and acceptance of the Fund Contract. Upon obtaining the Fund Units offered according to the Fund Contract, the Fund investors immediately become the Unitholder of the Fund and a party to the Fund Contract, until they no longer hold Fund Units of the Fund. Written signature or signing on the Fund Contract is not a necessary condition for the Fund Unitholders to become a party to the Fund Contract.

#### **4. Rights and Obligations of the Manager**

(A) In accordance with the Fund Law, the Measures for Operation and other relevant regulations, the rights of the Fund Manager include, but not limited to:

- (1) To make Fund offering in accordance with the laws;
- (2) To independently utilize and manage Fund assets in accordance with the laws and regulations and the Fund Contract as from the effective date of the Fund Contract;
- (3) To collect fund management fee and other fees approved by the laws and regulations or the CSRC in accordance with the Fund Contract;
- (4) To sell Fund Units;
- (5) To convene general meeting of Fund Unitholders;
- (6) To supervise the Fund Custodian in accordance with the Fund Contract and relevant laws; report to the CSRC and other regulators, and take necessary measures to secure interests of Fund Investors, if the Fund Custodian is deemed to be in violation of the Fund Contract and relevant national laws;
- (7) To nominate a new Fund Custodian in the event of replacement of the Fund Custodian;
- (8) To select, engage and replace the Fund Consignment Agency, and supervise and deal with relevant acts of the Consignment Agency;
- (9) To deal with Fund registration and transfer registration as the Registration Agency of the Fund and get the fees specified in the Fund Contract;
- (10) To decide the distribution scheme for Fund income in accordance with the Fund Contract and relevant laws;
- (11) To refuse or suspend acceptance of application for Subscription and Redemption to the extent as agreed in the Fund Contract;
- (12) Subject to the relevant laws and regulations and the Fund Contract, to prepare and adjust the business rules of open-ended funds, and determine

and adjust the structure and payment terms of relevant rates except for increasing the rates for custody and management;

- (13) To exercise for the benefit of the Fund, in which Unitholders' rights are against the invested companies, in accordance with relevant laws and regulations; and exercise for the benefit of the Fund, in which any rights arising out of investment in securities, by using Fund assets;
- (14) To secure financing for the Fund in accordance with the laws for the benefit of the Fund, to the extent permitted by the laws and regulations;
- (15) To exercise litigation rights or perform other legal acts in the name of the Fund Manager and on behalf of Fund Unitholders;
- (16) To select or replace lawyers, auditors, securities brokers or other external institutions providing services to the Fund;
- (17) To enjoy other rights specified by the laws, regulations and the Fund Contract.

(B) In accordance with the Fund Law, the Measures for Operation and other relevant regulations, the obligations of the Fund Manager include but not limited to:

- (1) To offer the Fund in accordance with the laws and to undertake the Fund filing procedures;
- (2) To manage and utilize Fund assets as from the effective date of the Fund Contract in good faith with due diligence;
- (3) To maintain sufficient professionals to make analysis and decisions on Fund investment, and manage and operate Fund assets by using professional operation methods;
- (4) To manage or engage other agencies recognized by securities regulatory authorities under the State Council to handle the offering, Subscription, Redemption and registration of Fund Units; report to the CSRC and other regulators and take necessary measures to secure interests of the Fund Investors, if the Consignment Agency is deemed to be in violation of the Fund Contract, the Fund Sales Agency Agreement and relevant national laws;
- (5) To develop and improve systems for internal risk control, supervision & audit, financial management and personnel management; ensure that Fund



assets under management is independent from the assets of the Fund Manager; and conduct separate management, accounting and investment in respect of different managed funds;

- (6) Subject to the Fund Law, the Fund Contract and other relevant rules, the Fund Custodian shall not seek benefits for itself or any third parties, or engage any third party to operate the Fund assets;
- (7) To accept the supervision of the Fund Custodian in accordance with the laws;
- (8) To take proper and reasonable measures so that the methods adopted to calculate the prices for initial subscription, subscription, redemption and cancellation of Fund Units are compliant with the Fund Contract and provisions in other legal documents; calculate and announce the information on Net Value of the Fund in accordance with relevant provisions and determine the prices for subscription and redemption of Fund Units;
- (9) To conduct financial accounting and prepare financial accounting report of the Fund;
- (10) To prepare quarterly report, interim report and annual Fund reports;
- (11) To perform information disclosure and reporting obligations in strict accordance with the Fund Law, the Fund Contract and other relevant rules;
- (12) To keep trade secrets of the Fund confidential and not to disclose Fund investment plans or investment intention etc. And unless otherwise specified by the Fund Law, the Fund Contract and other relevant rules, information of the Fund shall be kept confidential and shall not be made available to others prior to public disclosure;
- (13) To determine distribution scheme of Fund income in accordance with the Fund Contract and distribute income to Fund Unitholders in a timely manner;
- (14) To accept applications for Subscription and Redemption as required, and make full payment for the Redemption in a timely manner;
- (15) To convene the general meeting of Fund Unitholders or assist the Fund Custodian or Fund Unitholders in legally convening the general meeting of Unitholders, in accordance with the Fund Law, the Fund Contract and other relevant rules;

- (16) To keep accounting books, statements, records and other relevant materials in respect of business activities associated with Fund management for over 15 years in accordance with relevant provisions;
- (17) To ensure that any and all documents or materials that are required to be provided to Fund Investors are delivered at the specified time; and ensure that Investors can, from time to time, refer to public materials in relation to the Fund and get copies of relevant materials at the time and in the way stated in this Fund Contract;
- (18) To organize and participate in the fund-assets liquidation group for custody, disposal, valuation, realization and distribution of the assets of Fund;
- (19) To promptly report to the CSRC and notify the Fund Custodian in case of dissolution, legal revocation or declaration of bankruptcy in accordance with the laws;
- (20) To be responsible for making compensation for losses to the Fund assets or damage to lawful interests of Fund Unitholders arising from the breach of the Fund Contract, and such liabilities shall not be relieved as a result of its withdrawal of services;
- (21) To supervise the Fund Custodian in performing its responsibilities in accordance with the laws and regulations and the Fund Contract, and, to claim against the Fund Custodian for the losses of the Fund assets and damage to the interests of the Unitholders arising from the Fund Custodian's breach of the Fund Contract;
- (22) Where the Fund Manager appoints a third party to handle its obligations, it shall assume responsibilities for such third party's behaviors concerning matters of the Fund; in case of such third party's fault resulting in loss of Fund assets or interests of Fund Unitholders, and under the circumstance that the Fund Manager has first assumed relevant liabilities, the Fund Manager shall be entitled to a claim for recovery to such third party;
- (23) To exercise litigation rights or perform other legal acts in the name of the Fund Manager and on behalf of Fund Unitholders;
- (24) In case that the Fund Manager fails to fully satisfy conditions for filing of the Fund during the Fund Offering Period and the Fund Contract shall not come into effect, assume all expenses in relation to offering and, within 30 days upon the end of the Fund Offering Period, return all raised funds and

- pay relevant bank deposit interest in the corresponding period to the applicant;
- (25) To implement effective resolutions of the general meeting of Fund Unitholders;
- (26) The Fund Manager shall properly safekeep the register of Fund Unitholders
- (27) Other obligations specified by the laws, regulations and the Fund Contract.

## **5. Rights and Obligations of the Fund Custodian**

- (A) In accordance with the Fund Law, the Measures for Operation and other relevant regulations, the rights of the Fund Custodian include but not limited to:
  - (1) To keep in safe custody of the fund assets in accordance with the laws and regulations and the Fund Contract as from the effective date of the Fund Contract;
  - (2) To collect Fund custodian fee and other charges approved by the laws and regulations or the regulatory authorities in accordance with provisions in the Fund Contract;
  - (3) To supervise the investment operations of the Fund made by the Fund Manager; report to the CSRC and take necessary measures to secure the interests of Fund Unitholders, if the Fund Manager is found to be in violation of the Fund Contract and national laws and regulations;
  - (4) To open securities accounts with Shanghai Office and Shenzhen Office of the China Securities Depository and Clearing Corporation Limited (CSDC) in the name of the Fund Custodian jointly with the Fund;
  - (5) To open securities trading fund accounts in the name of the Fund Custodian for liquidation of Funds for securities trading;
  - (6) To open interbank bond custody accounts with the China Central Depository & Clearing Co., Ltd. (CCDC) in the Fund's name and be responsible for back-office matching of bonds invested by the Fund and liquidation of funds;
  - (7) To propose to hold the general meeting of Fund Unitholders;
  - (8) To nominate a new fund custodian as a replacement of the Fund Custodian;
  - (9) To enjoy other rights specified by the laws, regulations and the Fund Contract.

(B) In accordance with the Fund Law, the Measures for Operation and other relevant regulations, the obligations of the Fund Custodian include but not limited to:

- (1) To keep in safe custody of the Fund assets diligently and in good faith;
- (2) To establish a specific fund custody department, operate in a satisfactory business premise, employ adequate qualified personnel who are familiar with the fund custody business, and undertake the matters of fund assets custody;
- (3) To develop and improve systems for internal risk control, supervision & audit, financial management and personnel management; ensure that Fund assets in custody are independent from assets of the Fund Custodian and from various other Fund assets; establish separate accounts and separate accounting for different Fund assets; manage the accounts separately to ensure that different funds are mutually independent concerning registration, account settings, transfer of funds and account records etc.
- (4) Subject to the Fund Law, the Fund Contract and other relevant rules, the Fund Custodian shall not seek interests for the benefit of itself or any third parties using Fund assets, or engage any third parties to carry out custody of Fund assets;
- (5) To safekeep material contracts related to the Fund executed by the Fund Manager on behalf of the Fund, together with relevant evidence;
- (6) To open fund accounts and securities accounts for Fund assets in accordance with relevant rules, and promptly deal with liquidation and closing matters as agreed in the Fund Contract and based on the investment directives from the Fund Manager;
- (7) To keep the trade secrets of the Fund confidential; unless otherwise specified by the Fund Law, the Fund Contract and other relevant rules and extra rules, information of the Fund shall be kept confidential and shall not be made available to others prior to public disclosure;
- (8) To review and check the Net Asset Value of the Fund, the net value of the Fund Units or the prices for subscription and redemption of Fund Units calculated by the Fund Manager;
- (9) To handle matters of information disclosure in relation to business activities associated with Fund custody;

- (10) To provide comments on financial and accounting reports, quarterly reports, interim reports and annual reports of the Fund, indicating whether the Fund Manager is operating in all material aspects in strict accordance with the Fund Contract and whether proper measures have been taken by the Fund Custodian in case the Fund Manager fails to comply with any provisions in the Fund Contract;
- (11) To keep records, books, statements and other relevant materials in respect of business activities associated with Fund custody for over 15 years;
- (12) To develop and keep the register of Fund Unitholders;
- (13) To prepare relevant accounting statements as required and check the same with the Fund Manager;
- (14) To pay Fund income or make redemption payments to Fund Unitholders pursuant to directions of the Fund Manager or relevant regulations;
- (15) To convene the general meeting of Fund Unitholders or assist Fund Unitholders in legally convening the general meeting of Unitholders, in accordance with the regulations;
- (16) To supervise the operation of investment by the Fund Manager pursuant to the laws and regulations;
- (17) To participate in the fund-assets liquidation group for custody, disposal, valuation, realization and distribution of the assets of Fund;
- (18) To promptly report to the CSRC and banking regulatory authorities and notify the Fund Manager in the case of dissolution, legal revocation, bankruptcy in accordance with the laws;
- (19) To assume compensation liability in the case of any loss to the fund assets caused by the Fund Custodian's violation against the Fund Contract, which shall not be relieved as a result of the withdrawal of its services;
- (20) To supervise the operation of investment by the Fund Manager pursuant to regulations;
- (21) For the benefit of the Fund, to claim against the Fund Manager for the losses of Fund assets arising from the Fund Manager's violation against the Fund Contract;
- (22) To implement effective resolutions of the general meeting of Fund Unitholders;
- (23) Other obligations specified by the laws, regulations and the Fund Contract.

## **6. Rights and Obligations of Fund Unitholders**

Each Fund Unit within the same Class of Units shall enjoy equal legal rights and interests.

(A) In accordance with the Fund Law, the Measures for Operation and other relevant regulations, the rights of the Fund Unitholders include, but not limited to:

- (1) To share the income of Fund assets;
- (2) To participate in distribution of the remaining Fund assets after liquidation;
- (3) To transfer or make application for redemption of Fund Units held by them in accordance with the laws;
- (4) To request to hold the general meeting of Fund Unitholders in accordance with relevant regulations;
- (5) To attend in person or by proxy the general meeting of Fund Unitholders and exercise the voting rights with regard to matters to be discussed at the general meeting of Fund Unitholders;
- (6) To inspect or duplicate the information and materials of the Fund made available to the Fund;
- (7) To supervise the operations of investment by the Fund Manager;
- (8) To take actions against the Fund Manager, the Fund Custodian or Fund Unit offering institutions with regard to their acts that have damaged the legal rights and interests of Fund Unitholders; and
- (9) To enjoy other rights specified by the laws, regulations and the Fund Contract.

(B) In accordance with the Fund Law, the Measures for Operation and other relevant regulations, Fund Unitholders are obliged to, including but not limited to:

- (1) To comply with the Fund Contract;
- (2) To pay the Initial Subscription, Subscription and Redemption amount of the Fund and the fees specified by the laws and regulations and the Fund Contract;
- (3) To assume limited liabilities for the losses or termination of the Fund

- Contract, to the extent of Fund Units they hold;
- (4) Not to carry out any activities that impair the interests of the Fund and other parties to the Fund Contract;
  - (5) To return any undue profits received for any reasons during transactions of the Fund from the Fund Manager, the Fund Custodian and the Consignment Agency;
  - (6) To implement valid resolutions of the general meeting of Fund Unitholders;
  - (7) Other obligations specified by the laws, regulations and the Fund Contract.

## **(II) Procedures and Rules for Convening, Proceeding and Voting of General Meeting of Fund Unitholders**

The general meeting of the Fund Unitholders is constituted of Fund Unitholders or duly authorized representative of the Fund Unitholders. Every Fund Unit held by the Fund Unitholders has equal voting rights.

### **1. Reasons for Convening the Meeting**

(A) If any of the following circumstances occurs or it is necessary to determine any of the following circumstances, a general meeting of Fund Unitholders shall be convened:

- (1) Termination of the Fund Contract;
- (2) Replacement of the Fund Manager;
- (3) Replacement of the Fund Custodian;
- (4) Change of the mode in which the Fund is operated;
- (5) Improvement of the remuneration standards for the Fund Manager and the Fund Custodian;
- (6) Change of the type of the Fund;
- (7) Change of the investment objects, scope or strategies of the Fund;
- (8) Change of the procedure of the general meeting of Fund Unitholders;
- (9) Matters that have material impacts on the rights and obligations of the parties to the Fund; or
- (10) Requirement of the holding of a general meeting of Fund Unitholders made by the Fund Manager or Fund Custodian;
- (11) Requirement of the holding of a general meeting of Fund Unitholders

made in writing by Fund Unitholders individually or collectively holding 10% of the total Fund Units or more in respect of the same matter in relation to the Fund;

- (12) Other matters specified by the laws and regulations, the Fund Contract or the CSRC for which a general meeting of Fund Unitholders is required to be held.

(B) In any of the following situations, it is not required to convene a general meeting of the Fund Unitholders, and instead, the Fund Manager and the Fund Custodian may carry out modifications after consultations:

- (1) Reduce the Fund management fee, Fund custodian fee and Fund sales service fee;
- (2) Charging of new Fund fees as required by the laws and regulations;
- (3) Lowering of the subscription fee rates and the redemption rates or change to payment terms in connection with the Fund;
- (4) Change of the Fund Contract as required by changes in relevant laws and regulations;
- (5) Changes to the Fund Contract that will have no material adverse impact on the interests of Fund Unitholders or modification to the Fund Contract that involves no changes to the right-obligation relationship between the parties to the Fund Contract; or
- (6) Other circumstances where a general meeting of Fund Unitholders is not necessary under the laws and regulations or the Fund Contract.

## **2. Convener of the Meeting and Convening Methods**

- (1) Unless otherwise specified by the laws and regulations or the Fund Contract, a general meeting of Fund Unitholders shall be convened by the Fund Manager.
- (2) In case the Fund Manager fails or is unable to convene the meeting as required, the meeting shall be convened by the Fund Custodian.
- (3) In case the Fund Custodian holds that it is necessary to hold a general meeting of Fund Unitholders, a written proposal shall be submitted to the Fund Manager. The Fund Manager shall decide whether to convene the meeting within ten days after receipt of the said written proposal and notify



the Fund Custodian in writing. In the event that the Fund Manager determines to convene the meeting, the meeting shall be held within 60 days after such determination is issued in writing. If the Fund Manager determines not to convene the meeting and the Fund Custodian still regards that such a meeting is necessary, the Fund Custodian shall convene the meeting.

- (4) In the event that Fund Unitholders representing 10% or more of Fund Units request in writing to hold a general meeting of Fund Unitholders in respect of the same matter, a written proposal shall be submitted to the Fund Manager. The Fund Manager shall decide whether to convene the meeting within ten days after receipt of the said written proposal and notify the representative of Fund Unitholders making the proposal as well as the Fund Custodian in writing. In the event that the Fund Manager determines to convene the meeting, the meeting shall be held within 60 days after such determination is issued in writing. If the Fund Manager determines not to convene the meeting while Fund Unitholders representing 10% or more of Fund Units still believe that such a meeting is necessary, a written proposal shall be submitted to the Fund Custodian. The Fund Custodian shall decide whether to convene the meeting within ten days after receipt of the said written proposal and notify the representative of Fund Unitholders making the proposal as well as the Fund Manager in writing. In the event that the Fund Custodian determines to convene the meeting, the meeting shall be held within 60 days after such determination is issued in writing.
- (5) In the event that Fund Unitholders representing 10% or more of Fund Units request to hold a general meeting of Fund Unitholders in respect of the same matter while both the Fund Manager and the Fund Custodian fail to convene the meeting, Fund Unitholders representing 10% or more of Fund Units have the right to proceed to convene the general meeting of Fund Unitholders on their own, provided that relevant filing shall be made with the CSRC at least 30 days in advance. In case Fund Unitholders convene the general meeting of Fund Unitholders on their own in accordance with the laws, the Fund Manager and the Fund Custodian shall offer cooperation rather than impediment and interference.
- (6) The time, venue and method of holding a general meeting of Fund

Unitholders as well as the date of record shall be selected and determined by the convener.

### **3. Time, Content and Notification Methods of a General Meeting of Fund Unitholders**

(A) The convener of a general meeting of Fund Unitholders shall announce the meeting on Designated Newspaper and website of the Fund Manager designated within 30 days prior to the holding of the meeting. The notice of a general meeting of Fund Unitholders shall at least contain:

- (1) The time, venue and method of holding the meeting;
- (2) Matters proposed to be considered and procedures for the meeting;
- (3) The date of record applicable to Fund Unitholders eligible to attend the general meeting of Fund Unitholders;
- (4) Time and venue for delivery of the power of attorney for proxy; and
- (5) Constant contact person and contact number for meeting affairs.

(B) If the meeting is held and voted through telecommunication, the way of telecommunication and vote in writing shall be determined by the convener, who shall indicate in the notice of meeting the specific way of telecommunication, the public notary bodies engaged and the contact person and number thereof, deadline for delivery of written votes and the way of receipt thereof, each as applicable to the general meeting of Fund Unitholders concerned.

### **4. Methods for Fund Unitholders to Attend the Meeting**

A general meeting of Fund Unitholders may be held on site or through telecommunication.

The way of holding the meeting shall be decided by the convener, provided however that the meeting where replacement of the Fund Manager or the Fund Custodian is to be discussed must be held on site.

- (1) Site meetings. Fund Unitholders shall attend the meeting in person or by proxy through a power of attorney. The authorized representatives of the Fund Manager and the Fund Custodian shall attend a general meeting of Fund

Unitholders held on site as non-voting delegates. Failure of the Fund Manager and the Fund Custodian to send representatives to attend the meeting as non-voting delegates shall not affect the validity of voting. A general meeting of Fund Unitholders held on site can proceed to the agenda of the meeting upon satisfaction of the following conditions at the same time:

- ① Unitholders present in person provide certificates for holding Fund Units; and proxies present on behalf of Fund Unitholders present Fund Unit certificates for the relevant Unitholders and the power of attorney issued by such Unitholders, in each case, in compliance with the laws and regulations, the Fund Contract and the notice of meeting; and
  - ② It is verified, based on certificates presented by the participants showing the holding of Fund Units as of the date of record, that valid Fund Units are not less than 50% of the total Fund Units as of the date of record.
- (2) Meetings through Telecommunication. Meetings through telecommunication mean that Fund Unitholders deliver their opinions on the matters put to a vote in writing to the address designated by the convener. Voting at a meeting held through telecommunication shall be made in writing.

A meeting held through telecommunication is deemed to be duly held when the following conditions are satisfied at the same time:

- ① The convener shall publish the notice of meeting pursuant to provisions in the Fund Contract and further publish relevant indicative announcement consecutively for two working days;
- ② The meeting convener shall collect the written votes cast by Fund Unitholders in the way specified in the notice of meeting under the supervision of the authorized representative of the Fund Custodian (or the authorized representative of the Fund Manager, in case the Fund Custodian is the convener) and the public notary office; and failure of the Fund Custodian or the Fund Manager to send representatives to participate in collection of written votes after being notified shall not affect the force of the voting;

- ③ For written votes cast directly by Fund Unitholders or by authorized representatives of Fund Unitholders, Fund Units held by such Fund Unitholders are not less than 50% of the total Fund Units as of the date of record;
- ④ Fund Unitholders directly casting written votes as described above in Item ③ shall present certificates for holding Fund Units; proxies casting written votes as authorized by Fund Unitholders shall present the Fund Unit certificates for the relevant Unitholders and the power of attorney issued by such Unitholders, in both cases, in compliance with the laws, regulations, the Fund Contract and the notice of meeting; and
- ⑤ The notice of meeting is filed with the CSRC before being announced.

In case of voting through telecommunication, unless sufficient evidence proves to the contrary during the vote counting, any written votes that appear to be in accordance with relevant laws and regulations as well as the meeting notice on the surface shall be deemed as valid; while illegible or self-contradictory votes shall be deemed as not valid. However, the invalid votes shall be also included into the total amount of Fund Units presented by Fund Unitholders who issue a written vote.

## **5. Proceedings and Procedures**

### **(1) Proceedings and Proposal Right**

The proceedings shall be limited to significant matters relevant to the interests of Fund Unitholders, such as material modification of the Fund Contract, decision on the termination of the Fund Contract, replacement of the Fund Manager, replacement of the Fund Custodian, merger with other funds, other matters as specified by the laws and regulations and the Fund Contract as well as other matters that the meeting convener deems it necessary to discuss at a general meeting of Unitholders.

The Fund Manager, the Fund Custodian, or Fund Unitholder(s) individually or jointly holding 10% or more of the total Fund Units as of the date of record may submit to the convener proposals to be discussed and voted at the general meeting of Fund Unitholders before the convener issues the notice of meeting, or they may submit a provisional proposal to the convener after the convener issues the notice of meeting, provided, however, that such provisional proposal shall be submitted to the convener for approval at least 35 days before the meeting is convened and announced by the convener at the time as stated in accordance with this Fund Contract.

After the convener of a general meeting of Fund Unitholders gives a notice on the convening of the meeting, if a proposal previously passed needs to be altered, an announcement shall be made 30 days prior to the holding of the general meeting of Fund Unitholders,

The general meeting of Fund Unitholders shall not vote on any proceedings that have not been announced in advance.

The convener shall review the provisional proposal submitted by the Fund Manager, the Fund Custodian or Fund Unitholders, and, if the conditions are satisfied, the convener shall make an announcement 30 days before the holding of the general meeting. The convener shall review the proposals in accordance with the following principles:

- ① **Relevance.** The convener shall submit those proposals whose items are directly related to the Fund and within the terms of reference of the general meeting of Fund Unitholders as specified by the laws and regulations, as well as the Fund Contract; and for those proposals which do not meet the above requirements, they shall not be submitted by the convener to be reviewed by the general meeting. In the event that the convener decides not to submit a proposal made by Fund Unitholders to the general meeting for voting, explanations and clarification shall be provided at the general meeting of the Fund Unitholders concerned.

- ② Procedural issues. The convener may decide on the procedural issues involved in the proposals. Split or combination of proposals for voting purpose shall be subject to the approval of the original proposers; where the original proposers refuse the changes, the president of the meeting may refer the procedural issues to the general meeting of Fund Unitholders for decision, and the procedures determined by the general meeting of Fund Unitholders shall apply.

If the proposals submitted by the Fund Manager, the Fund Custodian or Fund Unitholders individually or jointly holding 10% or more of the total Fund Units as of the date of record to the general meeting of Fund Unitholders for consideration fail to be passed after consideration of the general meeting of Fund Unitholders, the same proposals shall not be submitted to the general meeting of Fund Unitholders for consideration again until more than six months has elapsed.

## (2) Procedures

### ① On-site Meetings

When the meetings are held on site, the chairperson shall first determine and announce the scrutineers in accordance with the procedures specified in the following subsection 7, and then read out the proposals. The proposals shall be voted after discussions, and the resolutions be reached. The representative of the Fund Manager authorized to attend the meeting shall act as the chairperson. In case the authorized representative of the Fund Manager fails to chair the meeting, the Fund Custodian shall authorize its representative present to chair the meeting. In case the authorized representatives of both the Fund Manager and the Fund Custodian fail to chair the meeting, the general meeting of Fund Unitholders shall be chaired by a Fund Unitholder elected by Fund Unitholders present at the meeting holding 50% or more of the total voting rights. Failure of the Fund Manager or the Fund Custodian to be present at or chair a general meeting of Fund Unitholders shall not affect the validity of resolutions passed by such general meeting of Fund Unitholders.

② Meetings through Telecommunication

When meetings are held through telecommunication, the proposals shall be announced at the same time when the meeting notice is issued and all the effective votes shall be counted within two working days after the voting deadline stated in the notice. Resolutions shall then be reached under the supervision of the public notary bodies.

**6. Voting**

Every Fund Unit that Fund Unitholders hold represents a vote.

The resolutions of the general meeting of Fund Unitholders can be classified as general resolutions and special resolutions:

- (1) General resolutions: general resolutions shall only be effective when they are voted for by over 50% (or 50%) of the present Fund Unitholders or their proxies with voting rights; except for items specified in the following Item 2 that need to be passed as special resolutions, any other items shall be passed as general resolutions.
- (2) Special resolutions: special resolutions shall only be effective when they are voted for by over two thirds (or two thirds) of the present Fund Unitholders or their proxies with voting rights. Significant matters such as switching the mode of Fund operations, replacing the Fund Custodian or the Fund Manager and terminating the Fund Contract shall all be effective only when passed as special resolutions.

Voting of the general meeting of Fund Unitholders is conducted by open ballot.

In case of voting through telecommunication, unless sufficient evidences prove to the contrary during the vote counting, any written votes that appear to be in accordance with the meeting notice on the surface shall be deemed as valid; while illegible or self-contradictory votes shall be deemed as not valid.

In the general meeting of Fund Unitholders, different proposals or juxtaposed issues within the same proposal shall be reviewed separately and voted item by item.

## **7. Vote Counting**

### **(1) On-site Meetings**

- ① If the meeting is convened by the Fund Manager or Fund Custodian, the chairperson of the general meeting of Fund Unitholders shall announce after the meeting is commenced that two Fund Unitholders present be elected to serve as scrutineers together with a supervisor authorized by the chairperson; if the meeting is voluntarily convened by Fund Unitholders or convened by the Fund Manager or the Fund Custodian who does not actually make their presence at the meeting, the chairperson of the general meeting of Fund Unitholders shall announce that three Fund Unitholders present be elected to serve as scrutineers after the meeting is commenced. Where the Fund Manager or the Fund Custodian should refuse to make their presence at the meeting or designate representatives to count the votes, the validity of vote counting would not be affected.
- ② Scrutineers shall count the votes immediately after Fund Unitholders have voted and the results shall be announced by the chairperson on the spot.
- ③ If the chairperson or any Fund Unitholder is suspicious towards the voting results, they might demand the votes be recounted immediately after the voting results are announced. Scrutineers shall recount the votes for once only. After the recount, the chairperson shall announce the recounting results on the spot.
- ④ Vote counting shall be notarized by notarization institutions.

### **(2) Meetings through Telecommunication**

Vote counting in case of meetings through telecommunication: vote counting shall be conducted by two supervisors authorized by the convener under supervision of the representatives authorized by the Fund Custodian (if the



meeting is convened by the Fund Manager, it is the representatives authorized by the Fund Manager that should conduct the supervision), and notarized by public notary bodies. Where the Fund Manager or the Fund Custodian refuse to designate representatives to count the votes, the validity of vote counting would not be affected.

## **8. Effectiveness and Announcement**

The resolution passed by the general meeting of Fund Unitholders shall, within five days as from the date when they are passed, be submitted by the convener to the CSRC for approval or filing.

Resolution approved by the general meeting of Fund Unitholders shall become effective on the date when the CSRC approves or issues no objection opinion in accordance with the laws.

Resolutions of the general meeting of Fund Unitholders shall be announced on Designated Media in accordance with the requirements under the Measures for Information Disclosure after they become effective.

The Fund Manager, the Fund Custodian and Fund Unitholders shall carry out the effective resolutions of the general meeting of Fund Unitholders.

Resolutions of the general meeting of Fund Unitholders shall be binding to all Fund Unitholders, the Fund Manager and the Fund Custodian.

9. The Hong Kong Representative or Hong Kong's Sales Agency, nominal holder of Class H Fund Units, may, in compliance with the Fund Contract and relevant laws and regulations and after fully soliciting opinion of holders of Class H Fund Units, provide service to the holders of Class H Fund Units in exercise of their rights related to the general meeting of Fund Unitholders, which includes requesting the convening of or convening the general meeting of the Fund Unitholders on behalf of the Unitholders; attending the Unitholder's meeting on behalf of the Fund Unitholders, exercising the right to vote on behalf of the Unitholders and so on.

### **(III) Principles of Fund Income Distribution and Execution Methods**

#### **1. Principles of Fund Income Distribution**

- (1) On the premise that it meets the requirements of dividends distribution of the Fund, the income shall be distributed no more than four times a year, the annual distribution ratio shall not be less than 50% of the distributable income of the year. The Fund income may not be distributed during the three months after the Fund Contract comes into force;
- (2) There are two methods in the distribution of the income of the Fund: cash dividends and dividends reinvestment. The Investor can choose to receive cash dividends or reinvest the cash dividends that are automatically converted into corresponding Units based on the Net Asset Value per Unit of the Fund on the ex-right date. If the Investor doesn't elect, the default mode of income distribution of the Fund shall be cash dividends. Please refer to the supplementary documents of the Prospectus for the income distribution methods of Class H Fund Units.
- (3) If net loss in Fund investment occurs in the current period, distribution of income should not be performed;
- (4) Fund income of the year should be firstly used to make up the loss of the preceding year before distribution in the current year;
- (5) After the distribution, the Net Asset Value per Unit of the Fund should not be lower than its denomination;
- (6) Every Fund Unit of the same class shall have the same rights for distributions.
- (7) If there are any other stipulations under the laws and regulations or regulator, then such stipulations shall prevail.

#### **2. Fund Income Distribution Scheme**

Fund income distribution scheme shall include objects of Fund income distribution, principles of distribution, dates of distribution, amount and ratio of distribution, methods of distribution, terms of payment, etc..

### 3. Confirmation, Announcement and Implementation of Fund Income Distribution Scheme

The Fund income distribution scheme shall be drafted by the Fund Manager and reviewed by the Fund Custodian, and an announcement shall be made on Designated Media in accordance with the requirements under the Measures for Information Disclosure.

### 4. Expenses incurred in Fund Income Distribution

The bank transfer fee or other handling fees incurred in the case of income distribution shall be borne by the Investor. In the event that the cash dividends of Fund Unitholders' certain Fund Unit is less than a certain amount, which is insufficient to pay off the bank transfer fee or other handling fees, the Fund Registration Agency can automatically transform the cash dividends of the Investor to Fund Units at the Net Asset Value per Unit of the Fund on the ex-right date. The calculation of re-investment of dividends shall be carried out in accordance with the "Business Rules of the CCB Open-ended Funds".

## **(IV) Withdrawal, Payment Method and Ratios of Expenses Relating to Property Management and Operation of the Fund**

### (1) Management Fee of the Fund Manager

The Fund management fee should be drawn as 1.5% per annum of the Net Asset Value of the Fund on the preceding day. The calculation is as follows:

$$H = E \times 1.5\% \div \text{number of days of the year}$$

H for the Fund management fee accrued every day

E for the Net Asset Value of the Fund on the preceding day

The Fund management fee is calculated and accrued on a daily basis to the end of every month and payable monthly. The Fund Manager should send the instruction to the Fund Custodian to transfer the Fund management fee, and the Fund Custodian shall review and pay the Fund Manager a lump-sum payment from the Fund assets within first two working days of the following month. In case of statutory holidays or rest days, the payment shall be postponed accordingly.

(2) Custodian Fee of the Fund Custodian

The Fund Custodian fee should be drawn as 0.25% per annum of the Net Asset Value of the Fund on the preceding day. The calculation is as follows:

$$H = E \times 0.25\% \div \text{number of days of the year}$$

H for the Fund Custodian fee accrued every day

E for the Net Asset Value of the Fund on the preceding day

The Fund Custodian fee is calculated and accrued on a daily basis to the end of each month and payable monthly. The Fund Manager should send the instruction to the Fund Custodian to transfer the Fund custodian fee, and the Fund Custodian should review and pay the Fund Manager a lump-sum payment from Fund assets within first two working days of the following month. In case of statutory holidays or rest days, the payment shall be postponed accordingly.

(3) Sales and Service Fees

Sales and service fees refer to such fees as drawn by the Fund Manager from the assets of open-ended Funds pro rata in accordance with provisions of the Fund Contract and the valid and relevant laws and regulations, for payment of commissions to Sales Agency, marketing fees for the Fund and Fund Unitholders' service fees.

With regard to collection of sales and service fees of the Fund, the Fund Manager shall, in accordance with the Fund Contract, draw sales and service fees at appropriate time, provided that an announcement shall be made on Designated Media in accordance with the requirements under the Measures for Information Disclosure before the date of implementation. Such announcement shall provide the conditions, procedures, purpose and rate standards for sales and service fees.

Sales and service fees of the Fund shall be collected at an annual rate not exceeding 1% of the Net Asset Value of the Fund and the specific rate shall be then disclosed by the Fund Manager on Prospectus or the updated Prospectus or announced by the Fund Manager on the Designated Media. The proportion of such sales and service fees of the Fund as applied to the service of the Fund

Unitholders shall not be lower than 25%.

Provisions otherwise stipulated by the laws and regulations shall be followed.

Upon formal collection of sales and service fees of the Fund, in general, sales and service fees of the Fund shall be drawn at the annual rate of the Net Asset Value of the Fund on the previous date. Calculation thereof is as follows:

$H = E \times N \div \text{number of days of the year}$

H for the sales and service fees accrued on a daily basis

E for the Net Asset Value of the Fund on the preceding day

N for such annual rate for sales and service fees as disclosed by the Fund Manager in accordance with relevant stipulation of the CSRC, the Fund Contract, the Prospectus or the Updated Prospectus, or specified by the Fund Manager in the announcement made on Designated Media.

Sales and service fees shall be calculated and accrued on a daily basis and payable on a monthly basis upon the date of formal collection as specified in the Fund Manager's announcement.

The Fund Manager and the Fund Custodian may discuss to lower rates for the Fund management fee, the Fund custodian fee and sales and service fees at their own discretion without the approval of the general meeting of Fund Unitholders, provided that the Fund Manager must make an announcement on Designated Media as well as the Fund Manager's website and make a filing with the CSRC in at least two working days prior to the adoption of the new rates.

## **(V) Investment Direction and Investment Restrictions of Fund Assets**

### **1. Investment Direction**

The investment scope of the Fund is limited to financial instruments with high liquidity:

Stocks publicly listed in the Mainland in accordance with laws (including

depository receipts), government bonds, financial bonds, corporate bonds, repurchase instruments, central bank bills, convertible bonds and other financial instruments approved by CSRC for investment by the Fund.

Within six months after the Fund Contract has come into effect, each type of assets in investment portfolio of the Fund shall comply with the following scope limitation:

Stock assets shall take up for 60% - 95% of the Fund assets, among which stocks issued by listed companies with sound performance growth potential and investment value should account for no less than 80% of the non-cash assets; cashes, bonds, money market instruments and other financial instruments approved by CSRC for investment shall account for 5% - 40%, among which, the cash retained by the Fund and short-term government bonds with maturity of less than one year shall account for not less than 5% of the Net Asset Value of the Fund.

While participating in the actual management of the Fund, the Fund Manager shall pertinently adjust the allocation ratio amongst stocks, bond and money market investments according to the macro-economic situations in the Mainland and the phased changes in the securities market.

For other investment categories that are permitted for fund investment by relevant laws and regulations or the regulator, the Fund Manager may incorporate such investment categories into the investment scope of the Fund after fulfilling appropriate procedures.

## 2. Investment Restrictions

### (A) Prohibited Behaviour

The following activities of the Fund are prohibited in order to maintain the legitimate rights and interests of the Fund Unitholders:

- (1) To underwrite securities;

- (2) To provide loans or guarantees to others;
- (3) To be invested with unlimited liabilities;
- (4) To purchase and sell other fund units, except as otherwise provided by the State Council;
- (5) To be contributed as capital of the Fund Manager and Fund Custodian of the Fund, or to be used to purchase and sell stocks or bonds issued by Fund Custodian and Fund Manager of the Fund;
- (6) To purchase or sell securities issued by or underwritten within the underwriting period by controlling shareholders of the Fund Manager or the Fund Custodian or by companies which have material conflict of interests with the Fund Manager and Fund Custodian;
- (7) To be used for securities trading activities which include insider trading, manipulating of securities prices and other securities dealing misconducts;
- (8) Other activities prohibited by the applicable laws and regulations, the CSRC and the Fund Contract.

In relation to the aforesaid, any requirements as specified by the laws and regulations which provide otherwise shall prevail.

(B) Investment Portfolio Restrictions

The investment portfolio of the Fund shall adhere to the following restrictions:

- (1) The market value of any individual stock invested by the Fund shall not exceed 10% of the Net Asset Value of the Fund;
- (2) Where the Fund or any other fund managed by the Fund Manager hold the securities issued by the same company, their aggregate shareholding shall not exceed 10% of such securities;
- (3) The Fund should not violate the provisions of the Fund Contract regarding the investment scope, investment strategy and investment ratio.
- (4) The total amount of warrants purchased by the Fund on any trading day shall not exceed 0.5% of the Net Asset Value of the Fund on the preceding trading day. The market value of all warrants held by the Fund shall not exceed 3% of the Net Asset Value of the Fund. The same warrants held by the Fund and

other funds managed by the Company shall not exceed 10% of such warrants.

Investment ratio of other warrants shall comply with relevant provisions of rules or regulatory authorities;

- (5) When the Fund assets participate in the subscription of stock, the capital amount subscribed for by the Fund shall not exceed its total assets and the number of stock units subscribed for by the Fund shall not exceed the total number of the stocks to be issued by the relevant company in this issue;
- (6) If the Fund purchases or sells bonds to which the Fund Manager and/or Fund Custodian's controlling Unitholders are lead or co-lead underwriters, or distributors during the underwriting period, and bonds underwritten by non-controlling Unitholders during the underwriting period, an approval must be acquired from the investment decision-making commission, a report must be filed to the legal and supervision and audit departments, and the duty of information disclosure must be performed as required.
- (7) The Fund's investment restriction in depository receipts shall be based on domestically listed and traded stocks, and shall be calculated in combination with domestically listed and traded stocks.
- (8) Other restrictions in accordance with the laws and regulations and specified by regulatory authorities.

If the above restrictive provisions should be abolished by the laws and regulations or regulatory authorities, the Fund would not be subject to these restrictions after carrying out appropriate procedures.

If the investment ratio of the Fund fails to meet the above rules due to factors other than those related to the Fund Manager, such as fluctuation of securities or futures market, merger of listed companies, change in Fund size, the Fund Manager shall make adjustments within 10 trading days. Any provisions as stipulated by laws and regulations which suggest otherwise on it shall prevail.



## **(VI) Calculation Method and Announcement Method of the Net Value of the Fund**

Net Asset Value of the Fund refers to the balance of the Total Asset Value of the Fund minus liabilities.

Total Asset Value of the Fund refers to the sum of the value of assets such as all types of securities and bills, the principal and interests of bank deposits, Subscription amounts receivable for the Fund and other investment made by the Fund.

### **1. Calculation Method of the Net Asset Value of the Fund**

The subjects of valuation of the Fund are the stocks, securities, bonds, principal and interests of bank deposits, amounts receivable and other investments etc. held by the Fund.

The valuation date of the Fund is normal trading day of relevant securities trading place.

The Fund adopts the following methods for valuation:

#### **(A) Valuation of Negotiable Securities Listed at the Stock Exchange**

Listed stocks are valued at their market price (closing price) of the stock exchange they are listed in on the valuation date. If there is no trading on the valuation day, they shall be valued at the market price (closing price) on the latest trading day. For bonds traded in the stock exchange market, they are handled by the following valuation methods:

- (1) Bonds listed at the exchange for flat price trading will be valued at the closing price on the valuation date; if there is no trading on that day, they will be valued at the closing price on the latest trading day;

- (2) Bonds listed at the exchange but not for flat price trading will be valued at the flat price resulting from the closing price on the valuation date minus the receivable interest of the bonds included in the closing price of bonds; if there is no trading on the valuation date, bonds will be valued at the flat price resulting from the closing price of bonds on the latest trading day minus the receivable interest of the bonds included in the closing price of bonds;
- (3) Warrants listed at the exchange shall be valued at the market price (closing price) of the stock exchange they are listed in on the valuation date.

(B) Unlisted Negotiable Securities will be addressed depending on the following conditions:

- (1) Bonus Units, transferred Units, rationed Units and SPOs, will be valued at the market price (closing price) of the same stock listed at the stock exchange on the valuation date; if there is no trading on that day, they will be valued at the closing price on the latest trading day;
- (2) Initial public offered stocks and unlisted bonds will be valued at their costs;
- (3) For warrants during their unlisted period or which do not exist in active market, for circumstances the period between the warrant being issued and listing date or suspension date of warrants, valuation techniques such as the Black-Scholes option pricing model may be applied to confirm their fair value.

(C) Bonds in the inter-bank bond market will be valued at their costs.

(D) For placing warrants, from the ex-rights date of the placing to the confirmation date of the placing, if the closing price is higher than the placing price, they will be valued at the amount of difference between the closing price and the placing price. If the closing price equals to or is lower than the placing

price, then the valuation is zero.

(E) The Fund's valuation and accounting treatment of the depositary receipts shall be based on domestically listed and traded stocks.

(F) If it is proved with concrete evidence that the aforesaid valuation methods cannot faithfully represent the fair value, the Fund Manager can negotiate with the Fund Custodian based on the specific circumstances so as to use the price best reflecting the fair price for valuation. For example: if there are special circumstance happening during the valuation of inter-bank bonds, the Fund Manager and the Fund Custodian shall comprehensively consider the price reflecting the fair value confirmed by factors such as the cost price and yield curve in valuing.

(G) Confirmation of Fixed Income such as incomes of bond interest, deposit interest and subscription of resale securities follows the accrual basis principle.

(H) Confirmation of dividend income follows the accrual basis principle.

(I) The valuation is subject to the compulsory requirements of relevant laws and regulations as well as the supervising organization. In the event of newly-added items, the valuation will be performed in accordance with the latest national regulations.

In accordance with the Fund Law, the Fund Manager should calculate and announce the Net Value of the Fund while the Fund Custodian should review and check the Net Value calculated by the Fund Manager. Therefore, in light of the accounting issues related to the Fund, if an agreement cannot be reached despite sufficient discussion among all parties on the fair basis, the calculation result of the Fund Manager for the Net Value of the Fund will be announced.

## 2. Announcement Methods of the Net Value of the Fund

After the coming into effect of the Fund Contract and before the Subscription or

Redemption of Fund Units, the Fund Manager shall announce the Net Value of the Fund Units and the accrued Net Value per Unit of the Fund at least once every week on Designated Website.

After commencing to handle the Subscription or Redemption of Fund Units, the Fund Manager shall disclose the Net Value per Unit of the Fund and the accrued Net Value per Unit of the Fund on the Open Day (except when the Fund Manager announces Subscription suspension or Redemption suspension) through designated websites, the Sales Outlet of the Fund Units and other media no later than the day after each working day.

The Fund Manager shall announce on Designated Website the Net Value of the Fund and the accrued Net Value per Unit of the different classes of the Fund of the last day of the semi-annual and annual period on the Designated Websites no later than the day following the last day of a semi-annual and annual period.

#### (VII) The Cause and Procedures of the Discharge and Termination of the Fund Contract and the Method of Liquidation of Fund Assets

##### 1. Amendment to the Fund Contract

(A) The following matters amending the Fund Contract shall be passed through the general meeting of the Fund Unitholders:

- (1) Replacement of the Fund Manager;
- (2) Replacement of the Fund Custodian;
- (3) Change of the mode in which the Fund is operated;
- (4) Improvement of the remuneration standards for the Fund Manager and the Fund Custodian;
- (5) Change of the type of the Fund;
- (6) Change of the investment objects, scope or strategies of the Fund;
- (7) Change of the procedure of the general meeting of Fund Unitholders;
- (8) Matters that have material impacts on the rights and obligations of the parties to the Fund.

(B) In the event that corresponding laws and regulations are changes and the Fund Contract must comply with such changes to have amendments made, or otherwise provided by the Fund Contract, the amendments may be made after the Fund Manager and the Fund Custodian reaches an agreement without passing a resolution at the general meeting of the Fund Unitholders, and it must be reported to the CSRC for approval or filing.

(C) Resolutions of the general meeting of the Fund Unitholders on the amendments of the Fund Contract may be executed after the CSRC approval and coming into effect, and shall be announced on the Designated Media in accordance with the Measures for Information Disclosure after the resolutions comes into force.

(D) Except according to the Fund Contract or according to the relevant laws and regulations currently in force, for circumstances other than where the amendments made to the Fund Contract must be passed by resolution of the general meeting of the Fund Unitholders or must be reported to the CSRC for approval, after the Fund Manager and the Fund Custodian reaches an agreement, amendments to the Fund Contract may be made and published, and filed with the CSRC.

## 2. Termination of the Fund Contract

In any of the following cases, the Fund Contract shall be terminated:

- (1) Where it is resolved by the general meeting of Fund Unitholders to terminate the Fund Contract;
- (2) Where the duties of the Fund Manager or the Fund Custodian have been terminated and there is no new Fund Manager or a new Fund Custodian appointed within six months;
- (3) Other circumstances agreed in the Fund Contract;
- (4) Other circumstances stipulated by the CSRC as well as relevant laws and regulations.

## 3. Liquidation of Fund assets

- (1) When the Fund Contract is terminated, the Fund Manager shall liquidate Fund assets in accordance with relevant provisions of the laws and regulations or the Fund Contract.
- (2) Fund-assets liquidation group: The fund-assets liquidation group shall be established within 30 working days after the date of termination of matters set out in the Fund Contract, which will be led by the Fund Manager to conduct liquidation of Fund assets under the supervision of the CSRC. Before the fund-assets liquidation group takes over Fund assets, the Fund Manager and Fund Custodian shall, as provided in the Fund Contract and Custodian Agreement, continue to perform the duty of protecting the safety of Fund assets.
- (3) Composition of the fund-assets liquidation group: The members of fund-assets liquidation group shall consist of the Fund Manager, the Fund Custodian, CPAs qualified for conducting relevant securities and futures activities, lawyers as well as persons designated by the CSRC. The fund-assets liquidation group may engage working staff as necessary.
- (4) Roles and responsibilities of the fund-assets liquidation group: It is responsible for safekeeping, disposal, valuation, realization and allocation of Fund assets. The fund-assets liquidation group may carry out civil activities as necessary in accordance with the laws.
- (5) Procedures for liquidation of Fund assets:
  - ① Upon termination of the Fund Contract, Fund assets shall be taken over by the fund-assets liquidation group in whole;
  - ② To check and confirm Fund assets, debts and liabilities;
  - ③ To assess and realize of Fund assets;
  - ④ To prepare a liquidation report;
  - ⑤ To engage an accounting firm to conduct external audit with regard to the liquidation report; and to engage a law firm to issue legal opinions with regard to the liquidation report;
  - ⑥ To file the liquidation report with the CSRC before announcing the same;
  - ⑦ To participate in civil actions related to Fund assets;
  - ⑧ To announce the results of liquidation of Fund assets;

⑨ To distribute the remaining Fund assets.

(6) The liquidation period of Fund assets shall be six months.

(7) Costs for Liquidation

Liquidation costs refer to all reasonable expenses incurred by the fund-assets liquidation group during Fund liquidation, which shall be paid out of the Fund assets by the liquidation group with priority.

(8) Distribution of the remaining Fund assets

Fund assets shall be settled in the following order:

(A) Payment of liquidation expenses;

(B) Payment of taxes due;

(C) Settlement of the debts of the Fund;

(D) The distribution ratio of the remaining assets among different classes will be decided in accordance with the ratio of the respective Net Asset Value per Unit of the Fund at the time of termination of the Fund Contract, and the remaining assets will be distributed at the Fund Unit ratio of each Fund Unitholders of each class in the scope of the distributable remaining assets in Fund Units of each class respectively.

Fund assets shall not be distributed to Fund Unitholders until the costs and liabilities stated in Items (1) - (3) above are settled.

(9) Announcement of Liquidation of Fund assets

All material matters during the liquidation shall be announced in a prompt manner. The liquidation report prepared by the fund-assets liquidation group shall be filed with the CSRC and announced within 5 working days after being audited by an accounting firm qualified for securities and futures related activities and after a law office has issued a legal opinion. The fund-asset liquidation group of the Fund Assets shall publish the liquidation report on the Designated Website and publish the announcement of the liquidation report in the Designated Newspaper.

(10) Retention of Accounting Statements and Documents for Liquidation of the Fund

The account books and documents in relation to liquidation of Fund assets shall be retained by the Fund Custodian for at least 15 years.

## **(VIII) Dispute Settlement**

The Laws of the People's Republic of China shall be applicable to the Fund Contract and the relevant interpretations be followed. For the sales and operation of Hong Kong's Fund Units, relevant provisions on the mutual recognition of funds arrangement of both the CSRC and the HKSFCA shall be applicable.

All the parties hereby agree that any disputes arising from or related to the Fund Contract that cannot be settled via friendly negotiations shall be submitted to the China International Economic and Trade Arbitration Commission (CIETAC) in Beijing to be arbitrated pursuant to the effective arbitration rules at that time. The arbitration award is final and binding on all the parties. And the losing party shall be responsible for the arbitration fees.

The Fund Contract is governed by the laws of the People's Republic of China.

## **(IX) The Storage of the Fund Contract and the Accessibility of the Fund Contract to Investors**

The Fund Contract may be printed into booklets for inspection at the offices (including domiciles) of the Fund Manager, the Fund Custodian and the Consignment Agency; it is also possible for Investors to subscribe the duplicates or copies of the Fund Contract after paying the fees, but the contents of the original Fund Contract shall prevail.



## **XX. Summary of Custodian Agreement**

### **(I) Parties to the Custodian Agreement**

#### **1. Fund Manager**

Name:	CCB Principal Asset Management Co., Ltd.
Domicile:	16/F, Winland International Financial Center, 7 Jinrong Street, Xicheng District, Beijing
Legal Representative:	Sun Zhichen
Date of Establishment:	September 19, 2005
Authority Approving the Establishment and Reference Number of the Establishment Approval:	Document Zheng Jian Ji Jin Zi [2005] No. 158 of the CSRC
Registered Capital:	RMB 200 million
Form of the Organization:	A limited liability company
Business Scope:	Fund raising; Fund sales; Fund management; other businesses approved by the CSRC.
Term of Operations:	Continuous operations
Telephone:	010-66228888
Fax:	010-66228001
Contact:	Guo Yali

#### **2. Fund Custodian**

Name:	Industrial and Commercial Bank of China Limited
Domicile:	55 Fuxingmennei Street, Xicheng District, Beijing (100032)
Legal Representative:	Chen Si Qing
Telephone:	010-66105799
Fax:	010-66105798
Contact:	Guo Ming
Date of Establishment:	January 1, 1984
Form of the Organization:	A company limited by shares

Registered Capital:	RMB 35,640,625.71
Authority approving the establishment and reference number of approval of establishment:	Decision of the State Council on Endowing the People's Bank of China with the Exclusive Power to Fulfill the Functions of the Central Bank (Guo Fa [1983] No. 146)
Term of Operations:	Continuous operations
Business Scope:	RMB deposit, loans, and inter-bank lending businesses; domestic and international settlement; acceptance, discounts, transfer discounts of bills and various money remittance businesses; capital settlement agency; providing letters of credit and guarantee; sales agency businesses; issuance and underwriting agency, as well as agency for cashing government bonds; third party payment and collection businesses; agency for securities investment fund clearing (stock-exchange transfer); sideline insurance agency; agency for loan businesses for non-commercial banks, foreign governments and international financial institutions; safe-deposit box services; issuing financial bonds; buying and selling government and financial bonds; custody agency of securities investment funds and enterprise pensions; trusted custody and management of enterprise pensions; management of enterprise pension accounts; registration, subscription and redemption of open-ended funds; credit investigation, inquiry and witness; loan commitment; personal and corporate financial consultative services; organizing or participating in syndicated loans; foreign currency deposit; foreign currency loans; foreign currency exchange; export and import collection; acceptance and discounts of foreign

exchange bills; foreign exchange lending; foreign exchange guarantees; issuing, buying and selling of foreign exchange securities (except stocks) or agency thereof; proprietary foreign exchange trading or agency thereof; foreign exchange financial derivative businesses; bankcards; phone banking, on-line banking and mobile banking; settlement and sales of foreign exchange; other businesses approved by banking regulatory authorities under the State Council.

## **(II) Business Supervision and Examination between the Fund Custodian and the Fund Manager**

### **1. Business Supervision and Examination between the Fund Custodian and the Fund Manager**

#### **(1) Exercise of supervision rights by the Fund Custodian over the Fund Manager's investment**

- ① The Fund Custodian shall establish relevant technical systems and supervise the investment scope as defined below and objects in accordance with relevant laws and regulations and the Fund Contract.

The Fund shall invest in the following financial instruments:

The Fund is invested in financial instruments of high liquidity, which include domestic stocks (including depositary receipts), bonds, cash, short-term financial instruments, warrants and asset-backed securities that are lawfully listed and issued as well as other financial instruments for Fund investment as approved by the CSRC.

The Fund shall not be invested in financial instruments such as those prohibited from investing in by relevant laws, regulations and rules made by governmental departments as well as the Fund Contract.

- ② The Fund Custodian shall supervise the Fund investment and financing

ratios in accordance with relevant laws and regulations and the provisions of the Fund Contract.

- I、 In accordance with the laws and regulations as well as the Fund Contract, investment asset allocation ratio of the Fund shall be:

Stock assets shall account for 60% - 95% of Fund assets, among which stocks issued by listed companies with sound performance growth potential and investment value should account for no less than 80% of non-cash Fund assets; cashes, bonds, money market instruments and other financial instruments permitted by national securities regulatory bodies for Fund investment shall account for 5% - 40%, among which, the total rate of retention cash of the Fund and short-term government bonds in one year is no less than 5% of the Net Asset Value of the Fund , among which cash shall exclude deposit reservation for balance, refundable deposits and receivable subscription accounts etc..

Supervision and inspection by the Fund Custodian over the allocation ratio of the above-mentioned investment assets shall start after six months subsequent to the effective date of the Fund Contract.

- II. In accordance with provisions of the laws and regulations as well as the Fund Contract, investment portfolio of the Fund shall be in compliance with the following investment restrictions:

- A. Should the Fund holds the securities of one listed company, the market value of which shall not exceed 10% of the Net Asset Value of the Fund;
- B. Should the Fund holds the securities issued by the same company as other funds managed by the Fund Manager, the market value of which shall not exceed 10% of the stocks;
- C. Should the Fund invests in warrants, the total amount subscribed on any trading day by the Fund shall not exceed 0.5% of the Net Asset Value of the Fund on the previous trading day. The market value of all warrants held by the Fund shall not exceed 3% of the Net Asset Value of the Fund. The proportion of warrants held by all funds managed by the Company shall

not exceed 10% of such warrants. Investment ratio of other warrants shall comply with relevant provisions of rules or regulatory authorities;

- D. Cash and short-term government bonds with maturity date in less than one year is no less than 5% of the Net Asset Value of the Fund , among which cash shall exclude deposit reservation for balance, refundable deposits and receivable subscription accounts etc..
- E. Fund assets are also involved in the subscription of issued stocks, whose amount by the Fund shall not exceed the total Fund assets. The number of stocks subscribed by the Fund shall not exceed the total number of the stocks the company intend to issue;
- F. Tradable stocks issued by a listed company as held by all open-ended funds managed by the Fund Manager (including open-ended funds and periodically open-ended funds that are at open period) shall not exceed 15% of the total tradable stocks of such listed company. Tradable stocks issued by a listed company as held by all investment portfolios managed by the Fund Manager shall not exceed 30% of the total tradable stocks in such listed company;
- G. The total market value of active investment in Illiquid Assets shall not exceed 15% of the NAV of the Fund; where the Fund fails to comply with such ratio limit for any reason not attributable to the Fund Manager such as the fluctuation of the securities market, the suspension of trading in stocks of the listed company and the change in Fund size, the Fund Manager shall not actively increase the investments in Illiquid Assets;
- H. When the Fund engages in a reverse repurchase transaction with privately offered asset management products and other entities prescribed by the CSRC as counterparty, the criteria for collaterals that are acceptable shall remain consistent with the investment scope as stipulated by the Fund Contract;

- I. The Fund's investment restriction in depository receipts shall be based on domestically listed and traded stocks, and shall be calculated in combination with domestically listed and traded stocks.

Should the above restrictions be abolished by the laws and regulations or regulatory authorities, the Fund would not be subject to these restrictions.

- III. Terms for adjustment of investment ratio of the Fund as permitted by regulations.

Except for the aforesaid items (C), (F) and (G), where the investment of the Fund is not in compliance with the specified investment ratios due to factors beyond the control of the Fund Manager such as the market volatility and mergers of listed companies, the Fund Manager shall make adjustments to satisfy the required standards within ten trading days. Provisions otherwise stipulated by the laws and regulations shall be followed.

- IV. Financial activities shall be conducted for the Fund in accordance with relevant national stipulations.
- V. Other ratio restrictions stipulated in relevant laws, regulations or regulations made by governmental departments.

In addition to allocation ratio of the investment assets, supervision and inspection by the Fund Custodian over investment ratio of the Fund shall start after six months subsequent to the effective date of the Fund Contract.

- ③ The Fund Custodian shall supervise the following forbidden practices during Fund investment in accordance with relevant laws and regulations and the provisions of the Fund Contract:

In accordance with provisions of the laws and regulations as well as the Fund Contract, the Fund shall be prohibited from the following behaviors:

- I. Underwrite securities;
- II. Provide loans or guarantees to others;
- III. Engage in investment that may cause Fund assets to assume

- unlimited liability;
- IV. Buy and sell other fund units, except as otherwise provided by the State Council;
  - V. Financially contribute to Fund Manager and Fund Custodian of the Fund, or buy and sell stocks or bonds issued by Fund Custodian and Fund Manager of the Fund;
  - VI. Purchase and sell bonds issued by shareholders related to the Fund Manager and Fund Custodian through shareholding or companies that have other material interest conflicts with the Fund Manager and Fund Custodian;
  - VII. Perform securities trading activities which include insider trading, manipulating trading prices of securities and other misconducts;
  - VIII. Perform other acts banned by the then valid laws and regulations, the CSRC and the Fund Contract.

If the above restrictions should be abolished by the laws and regulations or regulatory authorities, the Fund would not be subject to these restrictions.

- ④ The Fund Custodian shall supervise over limitations on connected investment of the Fund in accordance with provisions of relevant laws and regulations as well as the Fund Contract.

In accordance with the provisions that forbid the engagement in connected transactions pursuant to the laws and regulations, the Fund Manager and the Fund Custodian shall provide each other the list of controlling shareholders of respective organization, the list of companies with significant stakes with the organization and updates to both lists, affix company seal to such lists and submit in writing, and ensure the authenticity, completeness, and comprehensiveness of lists provided in relation to connected transaction. The Fund Manager shall be responsible for keeping and timely updating of an authentic, complete and comprehensive list of connected transactions. Upon update of such list, the Fund Manager shall send the same to the Fund Custodian in a timely manner and the Fund Custodian shall reply with a written confirmation letter within two working days to acknowledge such update. In case that the Fund Manager conducts connected transactions in a manner of

violation of rules, resulting in loss of Fund assets, while the Fund Manager strictly complies with the supervision procedures during operation, relevant liabilities shall be borne by the Fund Manager.

Should the Fund Custodian notice any connected transaction from which the Fund is prohibited between the Fund Manager and any related party included in the list of connected transactions, the Fund Custodian shall timely issue a reminder and assist the Fund Manager in taking necessary measures for preventing such connected transaction. In case of failing to prevent such connected transaction after taking necessary measures, the Fund Custodian shall be entitled to report to the CSRC. With regard to any exchange-traded connected transactions which the Fund Custodian fails to prevent, the Fund Custodian shall settle such transaction and report to the CSRC.

- ⑤ The Fund Custodian shall supervise the Fund Manager's participation in the interbank bond market in accordance with relevant laws and regulations and the Fund Contract.
- I、 The Fund Custodian shall supervise the credit risks exposed to the Fund Manager in connection with its participation in the interbank bond market in accordance with relevant laws and regulations and the Fund Contract.

The Fund Manager shall provide the Fund Custodian the list of counterparties in the interbank bond market which conforms to the laws and regulations as well as industry criteria and shall provide such transaction settlement methods as applicable to the counterparties based on cautious risk control principles. The Fund Custodian shall, within two working days upon receipt of such list, send a confirmation letter. The Fund Manager shall regularly or irregularly update the list of existing bonds in the interbank market; any counterparty of repurchase trading and addition to or reduction of interbank market counterparties in the list shall be applied with the Fund Custodian in writing and the



Fund Custodian shall, within two working days, send a confirmation letter to acknowledge the receipt and update of such list. The adjusted list so acknowledged shall come into effect upon receipt by the Fund Manager of the written confirmation issued by the Fund Custodian. Any transactions not settled yet conducted prior to effectiveness of the new list with any counterparty then removed shall be settled in accordance with the previous agreement.

Should the Fund Custodian notice any transactions between the Fund Manager and any interbank counterparty not included in the list, the Fund Custodian shall timely remind the Fund Manager of revocation of such transaction. In case that the Fund Manager continue to conduct such transaction nevertheless, thus resulting in loss of Fund assets, relevant liabilities shall not be borne by the Fund Custodian and the Fund Custodian shall be entitled to report to the CSRC.

- II. Control by the Fund Custodian over transaction methods for the Fund Manager's participation in interbank market transactions.

Subscription and sales of existing bonds and redemption transactions in the interbank market conducted by the Fund Manager shall be conducted in accordance with such applicable transaction settlement methods as provided in the list of counterparties. Should the Fund Custodian notice any transaction conducted by the Fund Manager not in compliance with such transaction methods contributing to credit risk control as previously agreed, the Fund Custodian shall timely remind the Fund Manager of agreeing a new transaction method with relevant counterparties. In case that the Fund Manager fails to make correction nevertheless, thus resulting in loss of Fund assets, relevant liabilities shall not be borne by the Fund Custodian.

- III. Core counterparties with which the Fund Manager participates in transactions in the interbank market include Industrial and Commercial Bank of China Limited, Bank of China Co., Ltd., China Construction

Bank Co., Ltd., Agricultural Bank of China Limited and Bank of Communication Co., Ltd.; upon agreement between the Fund Manager and the Fund Custodian, such list of core counterparties may be adjusted based on current market situation. The Fund Manager shall be responsible for controlling credit risk of counterparties; with regard to transactions with counterparties other than such core counterparties, any loss arising from credit risks of the counterparties shall be borne by the Fund Manager, who shall be entitled to demand compensation from relevant responsible persons. As long as the Fund Custodian strictly complies with the above-mentioned supervision procedures during operation, any loss arising from credit risks of counterparties shall not be borne or compensated for by the Fund Custodian.

- ⑥ The Fund Custodian shall supervise the Fund Manager over selection of deposit banks.
- (1) Credit risks with regard to the Fund's investment in bank deposit mainly includes risk in selection of deposit bank concerning credit rating and affordability of deposit bank. Core deposit banks of the Fund include Industrial and Commercial Bank of China Limited, Bank of China Co., Ltd., China Construction Bank Co., Ltd., Agricultural Bank of China Limited and Bank of Communication Co., Ltd.. With regard to deposit in any bank other than such core deposit banks, any loss arising from credit risk of the deposit bank shall be borne and compensated for by the Fund Manager, who shall be entitled to demand compensation from relevant responsible persons. As long as the Fund Custodian strictly complies with the above-mentioned supervision procedures during operation, any loss arising from credit risks of deposit bank shall not be borne or compensated for by the Fund Custodian. Upon agreement between the Fund Manager and the Fund Custodian, such list of core deposit banks may be adjusted

based on current market situation.

- (2) The Fund Custodian shall supervise and check the calculation of the Net Asset Value of the Fund, the calculation of the Net Asset Value per Unit of the Fund, the arrival of Fund receivables, the confirmation of Fund expenses and revenue, the distribution of Fund income, the disclosure of related information, the Fund performance data in promotion material of the Fund.
- (3) Should the Fund Custodian notice any violation of investment operation and other operation of the Fund Manager against the Fund Law, the Fund Contract, the Fund Custodian Agreement and other relevant provisions, the Fund Custodian shall timely inform the Fund Manager of correction within a specified period, and the Fund Manager shall timely make verifications on the next working day upon receipt of such notice and send a written confirmation letter to the Fund Custodian to explain or provide relevant proof.

The Fund Custodian is entitled to reexamine items in the notice at any time within the deadline, so that they can urge the Fund Manager to make corrections. In the event that the Fund Manager does not correct those violations in the notice within the deadline, the Fund Custodian shall report it to the CSRC. It is obligatory for the Fund Custodian to demand the Fund Manager to compensate Investor(s) for any loss arising from default thereof in the Fund Contract.

The Fund Manager should actively cooperate and assist the supervision and verification by the Fund Custodian and shall reply the Fund Custodian within the specified period and make the corrections, explain or provide proof against the doubt of the Fund Custodian, and, in case of matters requiring submission of Fund supervision report by the Fund Custodian to the CSRC, be in active cooperation and provide relevant data, information and policies.

Should the Fund Custodian discover that the Fund Manager has committed major violations, he/she should report it to the CSRC immediately while notifying the Fund Manager to correct the violations within the deadline.

Should the Fund Manager reject or obstruct other exercise of the supervision right enjoyed by the Fund Custodian without justified reasons, or should he/she interfere with the other effective supervision exercised by the Fund Custodian by means of delaying or fraud, that the cases are serious or that he/she should not correct their practices following the Fund Custodian's warnings, the Fund Custodian shall report it to the CSRC.

## **2. Business Supervision and Examination of the Fund Manager to the Fund Custodian**

The Fund Manager shall verify the fulfillment the Fund Custodian's responsibilities, including but not limited to safekeeping of assets of the Fund Custodian, creation of Fund accounts and securities accounts of Fund assets, reexamination the Net Asset Value of the Fund and the Net Asset Value per Unit of the Fund calculated by the Fund Manager, operation of liquidation delivery based on the directive of the Fund Manager, disclosure of relevant information and supervision of the Fund's investment operation.

Should the Fund Manager discover that the Fund Custodian embezzles Fund assets, does not separate accounts for Fund assets, does not execute or delay to execute with justifiable reasons the directive of fund transfer of the Fund Manager, reveals investment information of the Fund, etc. which violates the Fund Law, the Fund Contract, this Custodian Agreement and other rules, it shall notify the Fund Custodian to make the corrections within the deadline. The Fund Custodian receiving the notice shall make verifications and send written confirmations to the Fund Manager as soon as possible. The Fund Manager is entitled to reexamine the items in the notice at any time within the deadline, so that they can urge the Fund Custodian to make the corrections. Where the Fund Custodian should not correct the violations in the notice within the deadline, the Fund Manager shall report it to the CSRC. It is obligatory for the Fund Manager to demand the Fund Custodian to compensate for the consequent Fund losses.

Should the Fund Manager discover that the Fund Custodian has committed major violations, he/she should report it to the CSRC and the Banking Regulatory Authority immediately while notifying the Fund Custodian to correct the violations within the deadline.

The Fund Custodian shall cooperate actively the verification of the Fund Manager, including but not limited to: provide relevant information so that the Fund Manager could verify the integrity and authenticity of the assets, reply the Fund Manager within the specified time and make corrections.

Should the Fund Custodian reject or obstruct other exercise of the supervision right enjoyed by the Fund Manager without justified reasons, or should he/she interfere with the other effective supervision exercised by the Fund Manager by means of delaying or fraud, that the cases are serious or that he/she should not correct their practices following Fund Manager's warnings, the Fund Manager shall report it to the CSRC.

### **(III) Safekeeping of Fund Assets**

#### **1. Safekeeping Principles of Fund Assets**

- (1) Fund assets shall be independent from the own assets of the Fund Manager and the Fund Custodian.
- (2) The Fund Custodian shall safekeep Fund assets safely. He/she shall not use, dispose of and distribute any Fund assets arbitrarily without appropriate directives from the Fund Manager.
- (3) The Fund Custodian shall create fund accounts and securities accounts for Fund assets in accordance with the rules.
- (4) The Fund Custodian shall establish separate accounts for different Fund assets and strictly conduct account-divided management for other business of the Fund Custodian and custody business of other funds, so as to ensure that different funds are mutually independent concerning registration, account settings, transfer of funds and account records etc.
- (5) Concerning the assets receivable generated during the Fund subscription

(initial subscription) and investment, the Fund Manager is responsible for confirming their arrival dates with the parties concerned and notifying the dates to the Fund Custodian, while the Fund Custodian shall notify the Fund Manager to take collection measures once Fund assets should not arrive at the Fund Custodian on the date hereof. The Fund Manager shall demand indemnification for consequent losses of the Fund while the Fund Custodian assumes no responsibility.

## **2. Verification of Raised Fund**

During the Fund Offering Period, the Sales Agency shall, in accordance with the sales service agency agreement, transfer the subscription funds to the special Fund subscription account opened in a commercial bank qualified for custody. Such account shall be opened and managed by the Fund Manager. If, when the Fund Offering Period expires, the amount of the Funds raised and the number of Fund Unitholders satisfy relevant rules of the Fund Law and the Measures for Operation, the Fund Manager shall engage an accounting firm qualified for conducting securities activities to conduct verification and to issue a capital verification report, which is valid only if cosigned by at least two Chinese CPAs who have participated in the verification. After capital verification, the Fund Manager shall deposit all the raised Fund that is part of Fund assets into the special asset custodial account opened by the Fund Custodian for the Fund and the Fund Custodian shall issue a written confirmation document upon receiving of such Fund.

If the requirements above-mentioned are not satisfied for the Fund Contract to come into force when the Fund Offering Period expires, the Fund Manager shall refund in accordance with the rules.

## **3. Opening and Management of the Fund's Bank Accounts**

The Fund Custodian shall, in the name of the Fund, set up special asset custodial accounts in its business organization for safekeeping of bank deposit of the Fund. Such special asset custody accounts refer to the special accounts for the Fund Custodian's tier-1 settlement with the CDSC on behalf of the Funds in custody under the centralized custody mode. The Fund Custodian shall bear the

responsibility of opening and managing such accounts. All monetary payments of the Fund shall be made through the Fund Custodian's special asset custodial accounts.

Opening and use of the special asset custodial accounts is limited to satisfying the needs of Fund business. The Fund Custodian and the Fund Manager shall not open any bank account in the name of the Fund nor engage in any activity other than the Fund's operations using the Fund's account.

Management of special custodial accounts shall comply with Measures for Management of Bank Account, Regulations for Cash Management, Provisions on the Management of Interest Rate of the People's Bank of China, Notice for the Administration of Payment of Large Amount of Cash, Payment Method for Settling Account and other stipulations of Banking Regulatory Authority.

#### **4. Opening and Management of the Fund's Security Accounts and Securities Trading Capital Accounts**

The Fund Custodian shall open securities accounts with Shanghai Office and Shenzhen Office of the CSDC in the name of the Fund Custodian jointly with the Fund;

The Fund Custodian should, in the name of itself, set up the Fund's capital accounts for securities trading with Shanghai Office or Shenzhen Office of the CSDC for liquidation of securities.

Opening and use of the Fund's security accounts is limited to satisfying the needs of Fund business. The Fund Custodian and the Fund Manager shall not lend out or transfer any of the Fund's security accounts without the consent of the other party nor engage in any activity other than the Fund's operations using any of the Fund's accounts.

#### **5. Opening and Management of Custodial Accounts of the Bond**

- (1) After the Fund Contract comes into force, the Fund Manager is responsible for applying for in the name of the Fund and obtaining the qualification to

enter the national inter-bank fund lending market and for entering into transactions in the name of the Fund. The Fund Custodian is responsible for opening an account for custody of bonds in the interbank market in the CCDC in the name of the Fund and for filing such account with relevant regulatory authorities. The Fund Custodian shall be responsible for back-office of bonds held by the Fund and liquidation of funds.

- (2) The Fund Manager and the Fund Custodian shall be jointly responsible for entering into a master agreement for national inter-bank bond market repurchase with external organizations. The original shall be kept by the Fund Custodian, and a copy by the Fund Manager.

## **6. Opening and Management of Other Accounts**

Where, after the execution date of the Custodian Agreement, with regard to the Fund such other types of investment instruments as in compliance with the laws and regulations and agreed in the Fund Contract are allowed to be invested into, if the opening and use of relevant accounts are rendered necessary, the Fund Manager shall assist the Fund Custodian in opening relevant accounts in accordance with relevant laws and regulations as well as the Fund Contract. Such accounts shall be used and managed in accordance with relevant rules.

## **7. Custody of Marketable Vouchers including Relevant Physical Securities associated with Investment of Fund Assets**

Physical securities related to investment of Fund assets shall be deposited in a custodian bank's custody vault by the Fund Custodian or in the consigned custody vault of the CCDC or Shanghai/Shenzhen Branch or the notes business center of the CSDC. Subscription and transfer of physical securities shall be carried out by the Fund Custodian in accordance with Fund Manager's instructions. In the event of any damage or loss of any physical securities under actual and effective control of the Fund Custodian, any relevant liability incurred thereby shall be borne by the Fund Custodian. The Fund Custodian is not responsible for securities actually under the control of an entity other than itself.

## **8. Safekeeping of the Major Contract Related to Fund Assets**



The original copies of the major contract related to the Fund signed by the Fund Manager shall be kept separately by the Fund Manager and the Fund Custodian. Except as otherwise stipulated by this Agreement, the Fund Manager shall guarantee that one of the both parties holds two original copies or above when signing the major contract related to the Fund on behalf of the Fund. Upon execution of the contract, the Fund Manager shall, within five working days, serve the original copy of such contract on the Fund Custodian via reliable methods such as delivery by designated persons and certified mail. Such original copies shall be safekept by respective document safekeeping department of the Fund Manager and the Fund Custodian for over 15 years.

#### **(IV) Calculation and Review of Net Asset Value of the Fund**

##### **1. Time and Procedure for Calculation and Review of the Net Asset Value of the Fund**

Net Asset Value of the Fund refers to the balance of the Total Asset Value of the Fund minus liabilities. Net Asset Value per Unit of the Fund refers to the value calculated by dividing the Net Asset Value of the Fund on the calculation date by the total number of Fund Units on the calculation date. Net Asset Value per Unit of the Fund is rounded off to four decimal places.

Net Asset Value per Unit of different classes shall be the value calculated by dividing the Net Asset Value of a certain class of fund on the calculation date by the total number of offered Fund Units of such class on the calculation date.

The Fund Manager shall conduct valuation of Fund assets on each working day. The valuation principles shall conform to the Fund Contract, the Measures for Accounting in Relation to Securities Investment Funds and other laws and regulations. Net Asset Value of the Fund and Net Value per Unit of the Fund be calculated by the Fund Manager and reviewed by the Fund Custodian. The Fund Manager shall calculate the Net Asset Value per Unit of the Fund on each business day after a transaction is completed and send the results to the Fund Custodian by means of encrypted fax. The Fund Custodian, after reviewing the calculated net

value, shall affix his/her signature and seal and send to the Fund Manager by means of encrypted fax. The Fund Manager shall publish the Net Value of the Fund.

The Fund Manager shall serve as the Fund's responsible party for accounting of the Fund. In the event of any inconsistency between net asset values upon review of the Net Value of the Fund, if an agreement cannot be reached despite sufficient discussion among all parties on the fair basis, the calculation result of the Fund Manager for the Net Value will be announced.

## **2. Valuation Methods for Fund Assets**

### **(1) Valuation Subjects**

Valuation subjects of the Fund shall be all assets and debts held by the Fund, including stocks, bonds, warrant and deposit principal and interest.

### **(2) Valuation Methods**

Valuation methods for the Fund are as follows:

#### **A. Valuation of marketable securities listed at the stock exchange**

- ① Marketable securities listed at the exchange (including stocks, warrants, etc.) will be valued at the market price (closing price) as listed in the stock exchange on the valuation date; if there is no trading on that day, and there is no major change to the economic environment on the latest trading day, they will be valued at the market price (closing price) on the latest trading day; If there are major changes to the economic environment on the latest trading day, the valuation can refer to the current market price of similar investment types as well as factors for major changes so as to adjust the latest trading market price and decide the fair value;
- ② Bonds listed at the exchange for flat price trading will be valued at the closing price on the valuation date; if there is no trading on that day, and there is no major change to the economic environment on the latest trading day, they will be valued at the closing price on the latest trading day; If there are major changes to the economic environment on the latest

trading day, the valuation can refer to the current market price of similar investment types as well as factors for major changes so as to adjust the latest trading market price and decide the fair value;

- ③ Bonds listed at the exchange but not for flat price trading will be valued at the flat price resulting from the closing price on the valuation date minus the receivable interest of the bonds included in the closing price of bonds; if there is no trading on the valuation date and no major change to the economic environment since the latest trading day, bonds will be valued at the flat price resulting from the closing price of bonds on the latest trading day minus the receivable interest of the bonds included in the closing price of bonds.
  - ④ Marketable securities listed in the exchange with no active markets will have their fair value decided with valuation techniques. For asset-backed securities listed in the exchange, their fair value will be valued with valuation techniques; if the valuation techniques are not reliable enough to measure the fair value, the valuation will be made based on the cost.
- B. Unlisted marketable securities will be addressed depending on the following conditions:
- ① Unlisted stocks, such as bonus shares, transferred shares, rationed shares and SPOs, will be valued at the market price (closing price) of the same stock listed at the stock exchange on the valuation date;
  - ② For unlisted IPOs, bonds and warrants, their fair value will be valued with valuation techniques; if the valuation techniques are not reliable enough to measure the fair value, the valuation will be made based on the cost.
  - ③ For IPOs with a defined lock-up period, their values will be valued at the market price (closing price) of the same stock when it is listed in the exchange; for non-IPOs with a defined lock-up period, their fair values will be decided in accordance with relevant regulations of the supervising organization or the industry association.

- C. The fair value of the right of allotment of Units which can be enjoyed due to stock holding, or warrant whose trading has been stopped and which has not been exercised shall be determined through adoption of valuation technique.
- D. For types of fixed income traded in the national interbank bond market like bonds and asset-backed securities, their fair value will be decided with valuation techniques.
- E. For the same bond simultaneously traded in two or more than two markets, it will be valued based on the markets respectively.
- F. If it is proved with concrete evidence that the aforesaid valuation methods cannot faithfully represent the fair value, the Fund Manager can negotiate with the Fund Custodian based on specific circumstances so as to use the price best reflecting the fair price for valuation.
- G. The Fund's valuation and accounting treatment of the depositary receipts shall be based on domestically listed and traded stocks.
- H. The valuation is subject to the compulsory requirements of relevant laws and regulations as well as the supervising organization. In the event of newly-added items, the valuation will be performed in accordance with the latest national regulations.

### **3. Principles of Valuation Error Handling**

In the event that Investors suffer loss due to the valuation mistake, the Fund Manager should firstly bear the liability and has the right to claim the wrongdoer for the liability he/she should not bear.

In case that Net Value of the Fund calculated by the Fund Manager has been reviewed, confirmed and announced by the Fund Custodian, compensation shall be paid to Investors or the Fund in the event of any loss to Investors or the Fund thereby incurred. Both the Fund Manager and the Fund Custodian shall bear their own responsibility in terms of the amount of compensation for Investors or the Fund respectively in accordance with management fee rate and custody fee rate.

Should there be any mistake in the information provided by either party, while the other party fails to address such mistake upon necessary and reasonable measure, thus resulting in any mistake in the calculation of Net Asset Value of the Fund and Net Asset Value per Unit of the Fund which leads to loss to Investors or the Fund, the party who provides wrong information shall be liable for compensation for such loss as well as any loss to Investors or the Fund arising from further relevant calculation of Net Asset Value of the Fund and Net Asset Value per Unit of the Fund in the future.

In the event that due to the data error of the stock exchange and its registration and settlement company or other factors of force majeure, the error cannot be identified despite necessary, appropriate and reasonable inspection measures have been taken by the Fund Manager and the Fund Custodian, the Fund Manager and the Fund Custodian are exempted from the liability for the valuation error of Fund assets. Nevertheless, the Fund Manager and the Fund Custodian should actively take necessary measures to counter the influence.

In the event of any inconsistency between the results of calculation of Net Value of the Fund by the Fund Manager and that by the Fund Custodian, relevant parties shall, based on the principle of due diligence, recalculate and review Net Asset Value of the Fund; should there nevertheless be any inconsistency, the results of calculation by the Fund Manager shall prevail and be publicly disclosed and any loss incurred thereby as well as any loss arising from further mistakes in calculation of Net Value of the Fund on corresponding transaction date shall be borne and compensated for by the Fund Manager while no relevant liability for compensation shall be borne by the Fund Custodian.

## **(V) Registration and Safekeeping of the Registers of Fund Unitholders**

Registers of Fund Unitholders shall at least include names of Fund Unitholders and the amount of Fund Units held by them.

Registers of Fund Unitholders subject to due keeping respectively by the Fund Manager and the Fund Custodian include registers of Fund Unitholders prepared on the effective date of the Fund Contract, the termination date of the Fund Contract, the date of record of the general meeting of Fund Unitholders and June 30 and December 31 every year.

Registers of Fund Unitholders shall be prepared by the Registration Agency of the Fund and jointly safekept by the Registration Agency of the Fund and the Fund Manager permanently, either in the form of electronic document or file.

The Fund Manager shall timely submit to the Fund Custodian registers of Fund Unitholders prepared on dates such as the effective date of the Fund Contract, the termination date of the Fund Contract, the date of record of the general meeting of Fund Unitholders and June 30 and December 31 every year. The registers of Fund Unitholders must include names of Fund Unitholders and the amount of Fund Units held by them. Registers of Fund Unitholders prepared on June 30 and December 31 every year shall be submitted within first ten working days of the next month while those in relation to dates of major events of the Fund including the effective date of the Fund Contract and termination date of the Fund Contract shall be submitted within ten working days upon preparation.

Registers of Fund Unitholders shall be duly safekept by the Fund Custodian in the form of electronic files for 15 years and discs shall be recorded therefor regularly for backup. The Fund Custodian shall not use the safekept registers of Fund Unitholders for any purpose other than those in connection with custody business of Funds and shall fulfill the obligations for keeping such registers confidential.

Should the Fund Custodian or the Fund Manager fail to duly safekeep the registers of Fund Unitholders on their respective parts, resulting in damage or loss of such registers or divulging information on Fund Unitholders, thus leading to damage to Fund Unitholders, the Fund Custodian or the Fund Manager shall respectively assume corresponding liabilities in accordance with relevant rules and Fund Unitholders shall be entitled to demand for recovery by the Fund Custodian or the Fund Manager and for compensation for any loss incurred thereby.

## **(VI) Dispute Resolution**

The Laws of the People's Republic of China shall be applicable to the Fund Contract and the relevant interpretations. Relevant provisions recognized by both the CSRC and the HKSF shall be applicable to sales and operation of Hong Kong's Fund Units.

All the parties hereby agree that any dispute arising from or related to this Agreement, except for those settled via friendly negotiations, shall be submitted to the CIETAC in Beijing to be arbitrated pursuant to the arbitration rules effective at that time. The arbitration award is final and binding on all the parties. And the losing party shall be responsible for the arbitration fees.

During settling of the dispute, the relevant parties shall abide by their responsibilities as the Fund Manager and the Fund Custodian, perform their obligations under the Fund Contract and the Custodian Agreement faithfully, diligently and conscientiously, and safeguard legitimate interests of Fund Unitholders.

This Agreement is governed by the laws of People's Republic of China.

## **(VII) Modification and Termination of Custodian Agreement**

### **1. Procedure of Modifying the Custodian Agreement**

Both parties to this Agreement may make modifications to this Agreement if an agreement through negotiation is reached. Contents of the revised agreement shall not conflict with any provisions under the Fund Contract. The modified Custodian Agreement comes into effect after the modification is submitted to the CSRC.

### **2. Termination of the Custodian Agreement**

The Custodian Agreements shall terminate in the following cases:

- (1) The Fund or the Fund Contract terminates;

- (2) The Fund Custodian is replaced due to dissolution, revocation in accordance with the laws, bankruptcy or because other Fund Custodians takes over Fund assets.
- (3) The Fund Manager is replaced due to dissolution, revocation in accordance with the laws, bankruptcy or because other Fund Managers take over the management right of the Fund;
- (4) Events leading to the termination as stipulated in the laws and regulations or the Fund Contract happen.



## **XXI. Service to Fund Unitholders**

The Fund Manager, in the spirit of safeguarding the interests of Unitholders with high priority, continues to improve its customer service system. The Company undertakes to provide services listed as follows and, subject to business development and customers' demands, will initially enrich service contents, endeavour to improve service quality and provide professional, convenient and attentive multi-faceted services.

(I) The Customer Service Telephone: 400-81-95533 (toll-free long-distance calls), 010-66228000

### **1. Interactive Voice Response (IVR)**

The customer service centers provide interactive voice response 24 hours a day and seven days a week, where customers can inquire: Net Asset Value of the Fund, information of the Fund Account, the Company and the Fund.

### **2. Operator Inquiry Services**

The customer service centers provide operator inquiry services from 9 a.m. to 5 p.m. on weekdays.

### **3. Voice-mail Services**

Investors can leave voice messages to the customer service centers about questions and suggestions with contact information and can receive reply within two working days.

## **(II) Reconciliation Statement Service Subscription**

Investors can subscribe to reconciliation statement service via the Company's customer service hotline, e-mail, fax or letter. The Company will, on the condition of precisely receiving the Investor's mailing address, telephone number and e-mail address, provide the subscriber with reconciliation statement in the form of e-mail, text message and paper document.

### **1. E-mail Reconciliation Statement**

Electronic reconciliation statement refers to the electronic bank reconciliation reaching Fund Unitholders for easy account checking in the form of e-mail. Electronic reconciliation statement includes but is not limited to ending Fund balance, ending Unit value, trading details and dividends. The Company will send electronic reconciliation statement to every registered subscriber with available e-mail address within ten working days from the end of each month.

## 2. Text Message Reconciliation Statement

Text message reconciliation statement refers to the bank reconciliation reaching Fund Unitholders for Unit account checking in the form of text message. Text message reconciliation statement includes but is not limited to ending Fund balance and ending Unit value. The Company will send text message reconciliation statement to every registered subscriber with available telephone number within ten working days from the end of each month.

## 3. Paper Reconciliation Statement

If Investor due to special reason requests for paper reconciliation statement, he can call our customer service hotline at 400-81-9533 (free of charges for long distance call) and press “0” to switch to manual service and provides your name, account opening number or fund account number, mailing address, postal code, and contact phone number. After the customer service officer verifies that the information is correct, they will resend the paper reconciliation statement to the investor free of charge within 15 working days.

## (III) Website Service ([www.ccbfund.cn](http://www.ccbfund.cn))

1. Information inquiry: customer can keep track of the Net Value of the Fund, product information, the CCB's news, the Company's news and other relevant information.
2. Account inquiry: Investor can keep track of account information via online "Account Inquiry" service, which covers Unit inquiry, trading inquiry and ways of dividends; meanwhile, Investor can self-help to edit basic information or check password via "Inquire/Modify Account" and "Change Password".

3. Procedures of investment: Direct sales customers can inquire direct sales counters about elaborate procedures of various businesses.
4. Downloadable documents: Direct sales customers can easily download all needed direct sales documents and forms.
5. Sales outlets: Customers can get the whole pictures of the Fund Sales Outlets.
6. FAQ: Hot issues frequently asked are sorted out and presented here to help customers better master basic knowledge of the Fund and relevant business rules.
7. Message box: Investors can leave messages to the customer service centers about questions and suggestions with contact information via online message box and can receive reply within two working days.

#### (IV) Text Message Service

Should Investors register available telephone number (excluding Personal Access System users), they can receive free text messages covering product information, Fund dividends notes and the Company's latest announcements. If not having registered available telephone number, Investors can call the customer service telephone or logon the Company's website to register and customize this service.

#### (V) E-mail Service

Should Investors register available e-mail address, they can receive free e-mail service covering product information and the Company's latest announcements. If not having registered available e-mail address, Investors can call the customer service or visit the Company's website to register and subscribe to this service.

#### (VI) WeChat Service

The Company provides Investors with financial management and Fund inquiry services promptly via social media platforms like WeChat. Investors can search and follow "建信基金" or "ccbfund" on WeChat.

The Net Value of the Fund, product information, dividend information and financial management information are available to Investors via the Company's official WeChat accounts. For Investors who have opened a Fund Account with

the CCB Principal, they can inquire Fund Units and trading details after linking the Fund Account to WeChat accounts.

(VII) Password Unlock/Reset Service

To guarantee security of Investors' accounts, when calling the custom service hotline or visiting the Company's website for individual account information, the account will be locked if you enter wrong passwords six time cumulatively. Investors can call the custom service hotline to unlock or reset the password in case of such situation.

(VIII) Handling Suggestions and Complaints from Customers

Investors may propose suggestions or file complaints by leaving online messages, leaving voice messages via the customer service hotline, talking to customer service operator on the phone, by letter or fax. The customer service center will reply within two working days.

## XXII. Other Disclosures

From March 8, 2019 to October 25, 2019, provisional announcements of the Fund were published on China Securities Journal, Shanghai Securities News, Securities Times and the Website of the Fund Manager: [www.ccbfund.cn](http://www.ccbfund.cn).

No.	Contents of Announcement	Statutory Methods of Disclosure	Statutory Date of Disclosure
1	Announcement on the addition of Beijing Jiahe Fund Sales Co., Ltd. as sales agency of the Company and participation of promotional activity of subscription fee rate	Designated Newspapers and/or Company Website	2019-07-30
2	Announcement on the addition of First Venture Fund Sales Co., Ltd. as sales agency of certain open-ended funds of the Company	Designated Newspapers and/or Company Website	2019-06-20
3	Announcement on the addition of Tibet Oriental Fortune Securities Co., Ltd. as sales agency of the Company and participation of promotional activity of subscription fee rate	Designated Newspapers and/or Company Website	2019-06-01
4	Announcement on participation of promotional activity of subscription fee rate of China Minsheng Bank Co., Ltd. by certain open-ended fund of the Company	Designated Newspapers and/or Company Website	2019-05-16

5	Announcement on the addition of Beijing Baidu Baiying Fund Sales Co., Ltd. as sales agency of the Company and participation of promotional activity of subscription fee rate	Designated Newspapers and/or Company Website	2019-5-14
6	Announcement on the addition of Beijing Sina Cangshi Fund Sales Co., Ltd. as sales agency of the Company and participation of promotional activity of subscription fee rate	Designated Newspapers and/or Company Website	2019-3-29
7	Announcement on the participation in promotional activity in the administrative fees on subscription & regular investment rate via mobile banking channel of BOCOM by certain open-ended funds of the Company	Designated Newspapers and/or Company Website	2019-3-29
8	Announcement on the participation in promotional activity in the administrative fees on subscription & regular investment rate via personal internet banking of ICBC by certain open-ended funds of the Company	Designated Newspapers and/or Company Website	2019-3-29

Investors may refer to the above announcements on China Securities Journal, Shanghai Securities News, Securities Times and the Website of the Fund Manager: [www.ccbfund.cn](http://www.ccbfund.cn).

### **XXIII. Storage of and Access to the Prospectus**

Information that must be disclosed by law must be kept in the office of the Fund Manager and the Fund Custodian in accordance with relevant provisions and for public inspection and copy. Investors may inspect the Prospectus during office hours free of charge. Investors may also purchase copies of the above-mentioned documents by paying the actual cost of production. The Fund Manager and the Fund Custodian shall ensure the full consistency between the documents and its announcements in relation to the documents and its copies as obtained by the Investors according to the above.

## **XXIV. Documents for Inspection**

1. Approval documents of the CSRC for the Offering of CCB Principal Selected Growth Mixed Asset Fund
2. Fund Contract of CCB Principal Selected Growth Mixed Asset Fund
3. Custodian Agreement for CCB Principal Selected Growth Mixed Asset Fund
4. Legal Opinions on application of Offering of CCB Principal Selected Growth Mixed Asset Fund
5. Approval documents on the business qualification and the business licenses of the Fund Manager.
6. Approval documents on the business qualification and the business licenses of the Fund Custodian.
7. Other documents required by the CSRC

Storage Location: The premises of the Fund Manager and the Fund Custodian

Access: Investors may inspect the documents free of charge during office hours or purchase the copies with the cost expenses.

CCB Principal Asset Management Co., Ltd.

November 2020