PRODUCT KEY FACTS

CCB Principal Dual Income Bond Fund*

(*The name of the fund is not indicative of the fund's performance and return)

November 2020

Issuer: CCB Principal Asset Management Co., Ltd.

This is a Mainland fund authorized for public offering in Hong Kong pursuant to Mainland-Hong Kong Mutual Recognition of Funds arrangement.

This statement provides you with key information about this product.
This statement is a part of the offering document.
You should not invest in this product based on this statement alone.

Quick facts

Fund Manager:	CCB Principal Asset Management Co., Ltd. (the "Manager")
Custodian:	China CITIC Bank Corporation Limited
Ongoing charges over a year#	Class H: 1.00%
Dividend policy:	Class H: Dividends (if any) will be declared and paid no more than 6 times during a financial year at the Manager's discretion. Dividends may be paid out of capital or effectively out of capital.
Financial year end of the Fund:	31 December
Minimum investment:	Class H: RMB 10 minimum initial investment, RMB 10 minimum subsequent investment
Dealing frequency:	Daily (each day being business day in both Hong Kong and Mainland)
Base currency:	RMB

The ongoing charges figure is based on expenses for the year ended 31 December 2019. This figure may vary from year to year. It represents the sum of the ongoing expenses chargeable to the unit class expressed as a percentage of the average net asset value of the unit class.

What is this product?

CCB Principal Dual Income Bond Fund (the "Fund") is an open-ended fund constituted under the laws of the Mainland China (the "Mainland") and its home regulator is the China Securities Regulatory Commission ("CSRC").

Objectives and Investment Strategy

Objective

The investment objective of the Fund is, through a pro-active management of bond portfolio, to obtain investment return for its investors whilst maintaining a stable growth of the Fund assets.

Strategy

The Fund seeks to achieve stable income generation and sustainable capital appreciation through investing in:

I. no less than 80% of the Fund's assets in bond instruments (including government bonds, financial bonds (i.e. negotiable bond instruments traded on the exchange or via interbank market by a Mainland financial institution), central bank bills, corporate bonds, enterprise bonds, subordinated bonds (i.e. bonds issued by Mainland issuers

with payment priority lower than non-subordinated bonds in the event of the issuer's insolvency or liquidation), convertible bonds, short-term financing bonds(i.e. negotiable bond instruments issued on the interbank market by a Mainland non-financial institution with maturity of less than a year), etc;

II. no more than 20% of the Fund's assets in stocks issued by listed companies (including stocks listed on the Small and Medium Enterprise board of the Shenzhen Stock Exchange, ChiNext of the Shenzhen Stock Exchange, depositary receipts issued and traded on China's domestic securities markets in accordance with Mainland law and regulations, and other stocks approved by CSRC for listing);

III. no less than 5% of the net asset value of the Fund in cash or short-term government bonds with maturity date of less than one year; and

IV. other financial instruments approved by CSRC for investment by the Fund.

The Fund aims to achieve stable income generation and sustainable capital appreciation mainly through investing in bonds instruments with interest/coupon returns, supplemented by ancillary investments in stocks issued by listed companies with solid prospects of profitability and dividend yields.

The Fund's investment in debt securities, equities and other investments will be limited to those securities issued in accordance with law in the Mainland only.

The Fund may in combination invest substantially in asset-backed securities, urban investment bonds and debt securities which are 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 net asset value of the Fund.

The Fund does not use financial derivative instruments and does not engage in stock lending transactions. 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.

The Fund may engage in repurchase or reverse repurchase transactions. Repurchase or reverse repurchase transactions may be exchanged-traded or may be entered into on the Mainland interbank market. Subject to complying with 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 the interbank market; and (ii) will enter into repurchase transactions on the exchange market and the interbank market up to an aggregate total limit of 40% of the Fund's net asset value.

The Fund's maximum level of leverage shall not exceed 40% of the Fund's net asset value.

Use of derivatives/ investment in derivatives

The Fund will not use derivatives for any purpose.

What are the key risks?

Investment involves risks and there is no guarantee of the repayment of the principal. Please refer to the offering document for details including the risk factors.

1. ***Investment Risk***

   The Fund is an investment fund. There is no guarantee of the repayment of the 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.

2. ***Risks associated with the MRF arrangement***

   - *Quota restrictions*: The Mainland-Hong Kong Mutual Recognition of Funds (MRF) scheme pursuant to which this Fund is authorized is subject to an overall quota restriction. Subscription of Class H 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 Class H Units may only be processed on a day which both Mainland and Hong Kong markets are open. Besides this dealing day arrangement, the Fund may also have different cut-off times or dealing day arrangements from 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.

3. ***Mainland market risk / Concentration risk***

   - The Fund invests primarily in securities related to the Mainland market and may be 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.

4. ***RMB currency and conversion risks***

   - 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 currencies (for example Hong Kong dollar) will not depreciate. Any depreciation of RMB could adversely affect the value of investor's investment in the Fund.
   - Investors may not receive RMB upon redemption of investments and/or dividend payment (if any) may be delayed due to the exchange controls and restrictions applicable to RMB.

5. 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 net asset value 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.

6. Risks associated with repurchase and reverse repurchase transactions

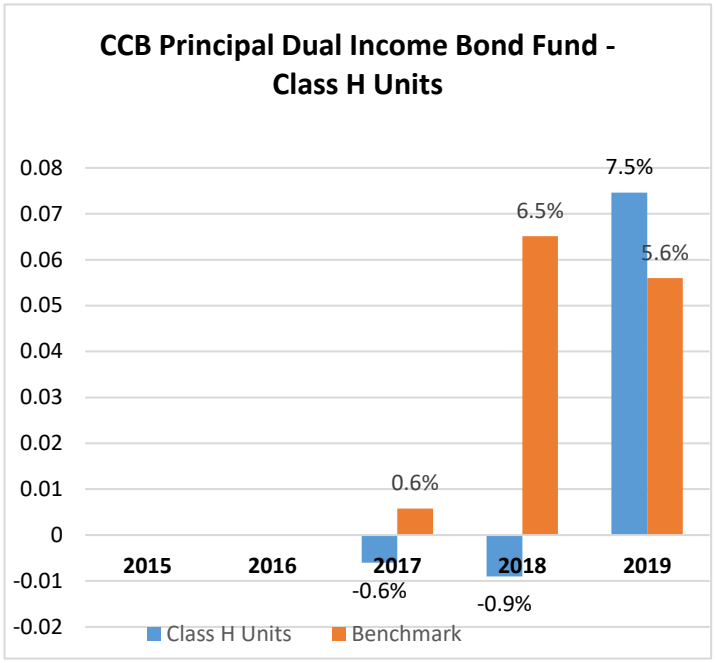
The Manager may enter into repurchase and reverse repurchase transactions for the account of the Fund on the Mainland stock exchanges or in the interbank market.

- 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 transaction, 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 due to inadequate valuation of the collateral and market movement upon default of the counterparty.

7. ***Risks relating to payment of dividends out of capital***
   - Payment of dividends out of capital or effectively out of capital amount to a return or withdrawal of part of a Unitholder's original investment or from any capital gains attributable to that original investment.
   - Any distribution involving payment of dividends out of or effectively out of the Fund's capital may result in an immediate reduction of the net asset value per unit.

How has the Fund performed?



- Past performance information is not indicative of future performance. Investors may not get back the full amount invested.
- The computation basis of the performance is based on the calendar year end, NAV-to-NAV, with dividend reinvested.
- These figures show by how much Class H Units increased or decreased in value during the calendar year being shown. Performance data has been calculated in RMB including ongoing charges and excluding subscription fee and redemption fee you might have to pay.
- When no past performance is shown there was no insufficient data available in that year to provide performance.
- The benchmark of the Fund: 90%x yield of general index of China's bonds +10%x yield of CSI bonus index
- Fund launch date: 2011
- Class H Unit launch date: 2016

Is there any guarantee?

The Fund does not have any guarantees. You may not get back the full amount of money you invest.

What are the fees and charges?

Charges which may be payable by you

You may have to pay the following fees when dealing in the Units of the Fund.

Fee	What you pay
Subscription fee	**Class H -** Up to 5% of the subscription amount
Switching fee*	**Class H -** Not applicable
Redemption fee	**Class H –**A flat rate of 0. 025% of the redemption amount for the account of Class H fund assets

* Switching is not currently available for Class H - the Manager will announce applicable arrangement and fee when switching is

available.

Ongoing fees payable by the Fund

The following expenses will be paid out of the Fund. They affect you because they reduce the return you get on your investments.

	Annual Rate (as a % of the Fund's net asset value)
Management fee The Fund pays a management fee to the Manager	0.7%
Custodian fee The Fund pays a custodian fee to the Custodian	0.2%
Performance fee	Nil
Administration fee	Nil

Please refer to the section of the Prospectus entitled "Fund Expenses and Tax" for further details, as well as for information on other ongoing expenses that may be borne by the Fund.

Other fees

You may have to pay other fees when dealing in the Units of the Fund.

Additional Information

- You generally buy and redeem units at the Fund's next-determined net asset value (NAV) after your request is received by an authorized distributor or the Hong Kong Representative in good order on or before the dealing cut-off time, which is 3:00 p.m. (Hong Kong time) on a Joint Business Day. Certain authorized distributors may impose different earlier dealing deadlines for receiving requests from investors.
- 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), and the price of Class H units is published on a daily basis on the website for Hong Kong investors (www.principal.com.hk) which is issued by the Hong Kong Representative. The website has not been reviewed by the SFC.
- Investors should visit the website (www.principal.com.hk), which is issued by the Hong Kong Representative for the latest notices relating to the Fund. The website has not been reviewed by the SFC.
- The compositions of the dividends of Class H Units (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 (www.principal.com.hk) which is issued by the Hong Kong Representative. The website has not been reviewed by the SFC.

Important

If you are in doubt, you should seek professional advice.

The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.