

Fund Manager :

Hong Kong Exclusive Distributor :



# CCB PRINCIPAL DUAL INCOME BOND FUND

Prospectus  
December 2020

*IMPORTANT: If you are in any doubt about the contents of this notice, you should immediately consult your stockbroker, bank manager, solicitor, accountant or financial adviser. Unless otherwise defined, terms in this notice shall have the same meaning as that in the prospectus and the Hong Kong covering document of the Fund (as defined below).*

*The Securities and Futures Commission (“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.*

*CCB Principal Asset Management Co., Ltd. (the “Manager”) accepts full responsibility for accuracy of the information contained in this notice 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 every statement misleading and that opinions expressed in this notice have been arrived at after due and careful consideration.*

### **CCB Principal Dual Income Bond Fund\***

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

### **CCB Principal Selected Growth Mixed Asset Fund\***

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

## **Updated Prospectus**

Dear Investors,

We, CCB Principal Asset Management Co., Ltd., as the manager of the CCB Principal Dual Income Bond Fund and the CCB Principal Selected Growth Mixed Asset Fund (“**the Funds**”), wish to inform you that the updated prospectuses of the Funds (together, the “**Updated Prospectuses**”) are now available on the website of the Hong Kong Representative, Principal Investment & Retirement Services Limited ([www.principal.com.hk](http://www.principal.com.hk)). The Updated Prospectuses are available in Traditional Chinese and English, and printed copies of the Updated Prospectuses will be made available on request at the registered office of the Hong Kong Representative (30/F, Millennium City 6, 392 Kwun Tong Road, Kwun Tong, Kowloon).

Only Class H Units of the CCB Principal Dual Income Bond Fund are currently available to Hong Kong investors. Certain data as contained in the prospectus belong to Class A and Class C Units of the fund, which shall be for reference only. The performance of Class A and Class C Units of the fund is not indicative of the performance of Class H Units of the fund. Class A and Class C Units of the Fund are not authorized by the SFC for offering to the public in Hong Kong.

Only Class H Units of the CCB Principal Selected Growth Mixed Asset Fund are currently available to Hong Kong investors. Certain data as contained in the prospectus belong to Class A Units of the fund, which shall be for reference only. The performance of Class A Units of the fund is not indicative of the

performance of Class H Units of the fund. Class A Units of the fund are not authorized by the SFC for offering to the public in Hong Kong.

Please refer to the attached “Notification announcement regarding the Prospectus update of 125 funds managed by CCB Principal Asset Management Co., Ltd.” for further details. Please note that other than the Funds, all other funds referred to in the announcement have not been authorised by the SFC for sale to the public in Hong Kong.

If you have any queries, please direct these to the Hong Kong Representative at 30/F, Millennium City 6, 392 Kwun Tong Road, Kwun Tong, Kowloon or by telephone at its telephone number: (852) 2117 8383.

*^This website has not been reviewed by the SFC*

CCB Principal Asset Management Co., Ltd.

31 December 2020

**Notification announcement regarding the Prospectus update  
of 125 funds managed by CCB Principal Asset Management Co., Ltd.**

The full text of the updated Prospectus of the 125 funds managed by CCB Principal Asset Management Co. Ltd. will be available on 31 December 2020 for investors at our company's website ([www.ccbfund.cn](http://www.ccbfund.cn)) (this website has not been reviewed by the Securities and Futures Commission of Hong Kong) and the electronic information disclosure website of the China Securities Regulatory Commission (<http://eid.csrc.gov.cn/fund>) (this website has not been reviewed by the Securities and Futures Commission of Hong Kong). Details of the specific funds are as follows:

Item	Name of the funds*
	<b>*Please note, except CCB Principal Selected Growth Mixed Asset Fund (item 2 of the list) and CCB Principal Dual Income Bond Fund (item 12 of the list), all other funds have not been authorized by the Securities and Futures Commission of Hong Kong and therefore are not available for sale to the public of Hong Kong. The English names of these funds are not included in the English version of this notice.</b>
1.	建信货币市场基金
2.	CCB Principal Selected Growth Mixed Asset Fund (*The name of the fund is not indicative of the fund's performance and return)
3.	建信优化配置混合型证券投资基金
4.	建信核心精选混合型证券投资基金
5.	建信沪深 300 指数证券投资基金(LOF)
6.	上证社会责任交易型开放式指数证券投资基金
7.	建信上证社会责任交易型开放式指数证券投资基金联接基金
8.	建信内生动力混合型证券投资基金
9.	建信积极配置混合型证券投资基金
10.	建信安心回报定期开放债券型证券投资基金
11.	建信恒久价值混合型证券投资基金
12.	CCB Principal Dual Income Bond Fund (*The name of the fund is not indicative of the fund's performance and return)
13.	建信创新中国混合型证券投资基金

14.	建信中证 500 指数增强型证券投资基金
15.	建信双债增强债券型证券投资基金
16.	建信嘉薪宝货币市场基金
17.	建信环保产业股票型证券投资基金
18.	建信精工制造指数增强型证券投资基金
19.	建信鑫利灵活配置混合型证券投资基金
20.	建信兴利灵活配置混合型证券投资基金
21.	建信福泽安泰混合型基金中基金(FOF)
22.	建信睿丰纯债定期开放债券型发起式证券投资基金
23.	建信福泽裕泰混合型基金中基金(FOF)
24.	建信睿信三个月定期开放债券型发起式证券投资基金
25.	深证基本面 60 交易型开放式指数证券投资基金
26.	建信深证基本面 60 交易型开放式指数证券投资基金联接基金
27.	建信短债债券型证券投资基金
28.	建信转债增强债券型证券投资基金
29.	建信消费升级混合型证券投资基金
30.	建信灵活配置混合型证券投资基金
31.	建信稳定得利债券型证券投资基金
32.	建信鑫安回报灵活配置混合型证券投资基金
33.	建信新经济灵活配置混合型证券投资基金
34.	建信鑫丰回报灵活配置混合型证券投资基金
35.	建信多因子量化股票型证券投资基金
36.	建信民丰回报定期开放混合型证券投资基金
37.	建信中证政策性金融债 1-3 年指数证券投资基金(LOF)
38.	建信中证红利潜力指数证券投资基金
39.	建信恒稳价值混合型证券投资基金
40.	建信纯债债券型证券投资基金
41.	建信健康民生混合型证券投资基金
42.	建信信息产业股票型证券投资基金

43.	建信弘利灵活配置混合型证券投资基金
44.	建信恒瑞一年定期开放债券型证券投资基金
45.	建信中国制造 2025 股票型证券投资基金
46.	建信鑫利回报灵活配置混合型证券投资基金
47.	建信量化优享定期开放灵活配置混合型证券投资基金
48.	建信睿阳一年定期开放债券型发起式证券投资基金
49.	建信深证 100 指数增强型证券投资基金
50.	建信优势动力混合型证券投资基金(LOF)
51.	建信周盈安心理财债券型证券投资基金
52.	建信信用增强债券型证券投资基金
53.	建信潜力新蓝筹股票型证券投资基金
54.	建信现金添利货币市场基金
55.	建信裕利灵活配置混合型证券投资基金
56.	建信睿怡纯债债券型证券投资基金
57.	建信现金增利货币市场基金
58.	建信睿享纯债债券型证券投资基金
59.	建信恒远一年定期开放债券型证券投资基金
60.	建信稳定鑫利债券型证券投资基金
61.	建信战略精选灵活配置混合型证券投资基金
62.	建信润利增强债券型证券投资基金
63.	建信高股息主题股票型证券投资基金
64.	建信科技创新混合型证券投资基金
65.	建信上海金交易型开放式证券投资基金
66.	建信上海金交易型开放式证券投资基金联接基金
67.	建信沪深 300 指数增强型证券投资基金（LOF）
68.	建信安心回报 6 个月定期开放债券型证券投资基金
69.	建信荣元一年定期开放债券型发起式证券投资基金
70.	建信瑞福添利混合型证券投资基金
71.	建信荣瑞一年定期开放债券型证券投资基金

72.	建信中证沪港深粤港澳大湾区发展主题交易型开放式 指数证券投资基金
73.	建信收益增强债券型证券投资基金
74.	建信稳定添利债券型证券投资基金
75.	建信社会责任混合型证券投资基金
76.	建信改革红利股票型证券投资基金
77.	建信鑫稳回报灵活配置混合型证券投资基金
78.	建信龙头企业股票型证券投资基金
79.	建信优享稳健养老目标一年持有期混合型基金中基金(FOF)
80.	建信中短债纯债债券型证券投资基金
81.	建信易盛郑商所能源化工期货交易型开放式指数证券投资基金
82.	建信易盛郑商所能源化工期货交易型开放式指数证券投资基金发起式联接 基金
83.	建信科技创新 3 年封闭运作灵活配置混合型证券投资基金
84.	建信中债 1-3 年农发行债券指数证券投资基金
85.	建信互联网+产业升级股票型证券投资基金
86.	建信现代服务业股票型证券投资基金
87.	建信汇利灵活配置混合型证券投资基金
88.	建信恒安一年定期开放债券型证券投资基金
89.	建信睿富纯债债券型证券投资基金
90.	建信高端医疗股票型证券投资基金
91.	建信睿和纯债定期开放债券型发起式证券投资基金
92.	建信智享添鑫定期开放混合型证券投资基金
93.	建信港股通恒生中国企业交易型开放式指数证券投资基金
94.	建信睿兴纯债债券型证券投资基金
95.	建信中债湖北省地方政府债指数发起式证券投资基金
96.	建信丰裕多策略灵活配置混合型证券投资基金(LOF)
97.	建信鑫瑞回报灵活配置混合型证券投资基金
98.	建信天添益货币市场基金

99.	建信中小盘先锋股票型证券投资基金
100.	建信睿盈灵活配置混合型证券投资基金
101.	建信鑫荣回报灵活配置混合型证券投资基金
102.	建信上证 50 交易型开放式指数证券投资基金
103.	建信上证 50 交易型开放式指数证券投资基金发起式联接基金
104.	建信创业板交易型开放式指数证券投资基金
105.	建信创业板交易型开放式指数证券投资基金发起式联接基金
106.	建信大安全战略精选股票型证券投资基金
107.	建信沪深 300 红利交易型开放式指数证券投资基金
108.	建信中证全指证券公司交易型开放式指数证券投资基金
109.	建信现金添益交易型货币市场基金
110.	建信量化事件驱动股票型证券投资基金
111.	建信 MSCI 中国 A 股国际通交易型开放式指数证券投资基金
112.	建信 MSCI 中国 A 股国际通交易型开放式指数证券投资基金发起式联接基金
113.	建信中证 800 交易型开放式指数证券投资基金
114.	建信鑫泽回报灵活配置混合型证券投资基金
115.	建信中证 1000 指数增强型发起式证券投资基金
116.	建信 MSCI 中国 A 股指数增强型证券投资基金
117.	建信中证 1-3 年国开行债券指数证券投资基金
118.	建信利率债策略纯债债券型证券投资基金
119.	建信中证 3-5 年国开行债券指数证券投资基金
120.	建信食品饮料行业股票型证券投资基金
121.	建信中证 5-10 年国开行债券指数证券投资基金
122.	建信新能源行业股票型证券投资基金
123.	建信全球机遇混合型证券投资基金
124.	建信新兴市场优选混合型证券投资基金
125.	建信富时 100 指数型证券投资基金

If there are any queries please contact our company's customer service hotline (400-81-95533).



The manager of the fund undertakes to manage and use the assets of the fund with due diligence, good faith and prudence. However, it does not guarantee any profits or minimum returns of the fund. Investors should obtain a good understanding of the fund's risks and return characteristics, and make a prudent investment decision.

This notice is hereby given.

CCB Principal Asset Management Co., Ltd.

31 December 2020

**CCB Principal Dual Income Bond 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 Dual Income Bond 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 13 December 2011 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 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.

**China CITIC Bank Corporation 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 and Class C 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 shall initially be 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 shall be 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 – RMB10
- Minimum subsequent subscription – RMB10
- 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 into Class H Units 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 **0.025%** 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 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 “*VII. Effectiveness of the Fund Contract*” and “*XVIII. Modification and Termination of the Fund Contract and Liquidation of Fund Assets*” 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. Modification and Termination of the Fund Contract and Liquidation of Fund Assets*” 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 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 Fund's NAV.

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's 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.

- *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.

#### **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 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 exchange 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 will 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.
- *Risk associated with ChiNext:* The Fund may invest in stocks listed and trading on ChiNext (a board on the Shenzhen Stock Exchange) which involve the following risks:
  - *Stock price fluctuation and volatility:* As compared to stocks listed on the Mainboard of the Shenzhen Stock Exchange, issuers in the ChiNext market are usually in their initial development stage of mainly small and mid-sized growing venture enterprises with relatively shorter history of business operation, smaller scale, lower operational stability, less mature business model and relatively lower resistance to market risks and industry risks. Hence, stock price may experience higher fluctuations. In particular, listed companies on ChiNext market 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 this board is subject to higher fluctuation in stock prices and liquidity risks. They are subject to higher market volatility and risks and higher turnover ratios than companies listed on the Mainboard. In extreme circumstances, trading prices of stock may be suspended if the price hits the trading band limit rendering it impossible for the Fund to liquidate its position and subject the Fund to significant loss.
  - *Difference in regulations in ChiNext:* The rules and regulations regarding securities in the ChiNext market are less stringent in terms of profitability and share capital than those applicable to the Mainboard market and Small and Medium Enterprises (SME) board market of the SZSE.
  - *Emerging nature of ChiNext:* The emerging nature of the companies listed on the ChiNext market comes with greater uncertainties on the reliability of new technologies, applicability and maturity of new models, market capacity for new industry and the availability of room to grow. Any failures in the process of developing adverse events happening in the industry may result in losses in investments in such companies made by the Fund and hence an adverse impact on the Fund.
  - *Delisting Risk:* Companies listed on the ChiNext market have less track record of profitability. It may be more common and faster for listed companies in the ChiNext market than companies listed on the Mainboard and SME board to delist. The Fund may be adversely impacted if the companies that it invests in are delisted.
  - *Overvaluation of ChiNext companies:* Stocks listed on the ChiNext market are generally considered overvalued with significantly higher price-earnings ratios than those in the Mainboard of other Mainland stock markets with considerably higher risks as such high valuations may not be sustainable.  
Investment in the ChiNext market may result in substantial losses for the Fund.
- *Risks associated with depositary receipts issued and traded on China's domestic securities markets in accordance with Mainland law and regulations ("CDRs"):* The Fund may invest in CDRs which involve the following risks-
  - *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.

#### ***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 China CITIC Bank Corporation 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 Dual Income Bond Fund**

## **Prospectus (Updated) 2020 No. 1**

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

**Fund Custodian: China CITIC Bank Corporation Limited**

**December 2020**

## **[Important Information]**

The Fund was offered upon approval by the CSRC on October 13, 2011 in its approval document Zheng Jian Xu Ke [2011] No. 1660. The Fund Contract of the Fund shall take effect on December 13, 2011.

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. The Fund is a bond-type fund with its risk to be lower than equities-type fund and mixed-type fund but higher than money-market type fund, and shall be classified as low risk and low income. Investors shall carefully read the Fund Contract, the Prospectus and the Fund product information summary, to understand the Fund's

risk and return profile. Investors shall judge whether the Fund is suitable for their own risk tolerance level based on their own investment purposes, investment periods, investment experience and asset conditions.

The Fund's past performance is not indicative of its future performance. The performance of other funds managed by the Fund Manager does not constitute any guarantee for performance of the Fund.

The contents contained in the Prospectus is up to 25 October, 2020, and the related financial data and performance of net asset value is up to 30 September 2020 (the financial data is unaudited). The Prospectus has been reviewed by the Fund Custodian.

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## **I. Introduction**

The Prospectus of CCB Principal Dual Income Bond Fund (hereinafter referred to as "the Prospectus") has been prepared in accordance with the Law on Securities Investment Fund Law of the People's Republic of China (hereinafter referred to as "the Fund Law"), Administrative Measures for the Operation of the Publicly Offered Securities Investment Funds (hereinafter referred to as "Measures for Operation"), Administrative Measures for the Supervision and Administration of Sales Agencies of the Publicly Offered Securities Investment Funds (hereinafter referred to as "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 the laws and regulations and the Fund Contract of CCB Principal Dual Income Bond 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 Dual Income Bond 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 Contract                       | means the Fund Contract of CCB Principal Dual Income Bond Fund and any effective amendment and supplement thereto  |
| 2. China                               | means the People's Republic of China (for the purpose of the Fund Contract, not including Hong Kong Special Administrative Region, Macau Special Administrative Region or Taiwan region)   |
| 3. Laws and Regulations                | means the currently applicable laws, administrative rules and regulations as promulgated in China  |
| 4. Fund Law                            | means the Law on the Securities Investment Fund of the People's Republic of China  |
| 5. Measures for Sale                   | means the Administrative Measures for the Supervision and Administration of Sales Agencies of Publicly Offered Securities Investment Funds issued by the CSRC on 28 August 2020 and effective from 1 October 2020 and any amendment thereto made by it from time to time |
| 6. Measures for Operation              | mean the Administrative Measures for the Operation of Publicly Offered Securities Investment Funds   |
| 7. Measures for Information Disclosure | mean the Measures for the Administration of Disclosure of Information on Publicly Offered Securities Investment Funds  |
| 8. RMB                                 | means the statutory currency of China, Reminbi Yuan  |
| 9. Fund or the Fund                    | means CCB Principal Dual Income Bond Fund  |



- as offered under the Fund Contract
10. Prospectus means the Prospectus of CCB Principal Dual Income Bond Fund, i.e. to be used to disclose the Fund Manager and Fund Custodian of the Fund, relevant service agencies, Offering of the Fund, coming into effect of the Fund Contract, trading of Fund Units, subscription and redemption of Fund Units, investment of the Fund, performance of the Fund, assets of the Fund, valuation of Fund assets, Fund income and distribution, fees and taxes of the Fund, information disclosure of the Fund, risk disclosure, termination and liquidation of the Fund, summary of the Fund Contract, summary of the Fund Custodian Agreement, service provided to the Fund Unitholders, other information to be disclosed, storage and inspection of the Prospectus and documents for inspection, to be provided to the Fund Investor for their consideration on whether to apply for initial subscription or subscription of the Fund, and updates thereof
11. Custodian Agreement means the Custodian Agreement for CCB Principal Dual Income Bond Fund signed between the Fund Manager and the Fund Custodian, and any effective amendment and supplement thereto
12. Offering Announcement means the Offering Announcement of the Fund Units of CCB Principal Dual Income Bond Fund
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 2017 and any amendment thereto made by it from time to time
14. Business Rules means the Business Rules of Open-ended Fund for CCB Principal Asset Management Co., Ltd
15. CSRC means the China Securities Regulatory Commission
16. Bank Regulatory Authority means the China Banking Regulatory Commission and other organizations authorized by the State Council
17. Fund Manager means CCB Principal Asset Management Co., Ltd.
18. Fund Custodian means China CITIC Bank Corporation Limited
19. Fund Unitholder(s) means Investors(s) who acquire the Fund Unit(s) in accordance with the Fund Contract
20. Fund Consignment Agency means any agency that offers the Fund offering, subscription, redemption and other fund businesses in compliance with other requirements of the Measures for Sales and the CSRC by obtaining qualifications of Fund consignment and entering into Fund sales service agency agreement
21. Sales Agency means the Fund Manager and the Fund Consignment Agency
22. Fund Sales Outlet means the direct outlets of the Fund Manager and the consignment outlets of the Fund Consignment Agency
23. Registration Business means Fund registration, depository, clearing and settlement business(es), including Investor's Fund Account management, registration and clearing of the Fund Unit(s) and Fund trading confirmation, dividend distribution, and establishment and

	safekeeping of Fund Unitholder registration
24. Fund Registration Agency	means CCB Principal Asset Management Co., Ltd. or other engaged qualified organizations which conduct Fund Registration Business
25. Party (Parties) to the Fund Contract	means legal entities bound by the Fund Contract, assuming rights and obligations thereunder, including the Fund Manager, the Fund Custodian and Fund Unitholders
26. Individual Investor	means natural persons qualified as provided by applicable the laws and regulations to make investment in open-ended securities investment Funds
27. Institutional Investor	means any body incorporates, public institutions, social organizations and other organizations that are lawfully registered within China or established by approval of competent government authorities to make investment in open-ended Securities Investment Fund in compliance with the laws and regulations
28. Qualified Foreign Institutional Investor	means foreign fund management organizations, insurance companies, securities companies and other assets management organizations qualified as provided by the Measures for the Securities Investment by Qualified Foreign Institutional Investor within the Chinese territory and applicable the laws and regulations to make investment in lawfully offered securities investment funds within the Chinese territory
29. Investor	means Individual Investors, Institutional Investors, Qualified Foreign Institutional Investors and other Investors who are

	permitted to purchase securities investment funds under the laws and regulations or the CSRC
30. Effective Date of the Fund Contract	means the date on which the Fund Manager engages statutory organization to verify the capital, complete all the Fund registration procedures and obtain written confirmation of the CSRC after the Offering of the Fund satisfies the conditions of the laws and regulations and the Fund Contract
31. Offering Period	means the period of no more than three months starting from the offering date of Fund Units
32. Fund Duration	means the irregularly determined period of time during which the Fund Contract remains effective after it comes into force
33. Day	means any calendar day
34. Month	means any calendar month
35. Working Day	means any regular trading day of the Shanghai Stock Exchange and the Shenzhen Stock Exchange
36. Open Day	means the date(s) when the Sales Agency conducts subscription and redemption business of the Fund Units
37. Day T	means the application day of subscription, redemption and other Fund businesses
38. Day T+n	means the nth working day after Day T (exclusive of Day T)
39. Initial Subscription	means the act that Investors subscribe Fund Units within the Fund Offering Period.
40. Offering	means the act that a Sales Agency sells Fund Units to Investors within the Fund Offering Period
41. Subscription	means the act that a Fund Investor proposes to

- buy Fund Units to the Fund Manager in accordance with the formalities specified by the Fund Sales Outlet. Daily subscription of the Fund shall be processed within three months after the Fund Contract comes into effect
42. Redemption means the act that a Fund Investor proposes to sell Fund Units to the Fund Manager in accordance with the formalities specified by the Fund Sales Outlet. Daily redemption of the Fund shall be processed within three months after the Fund Contract comes into effect
43. Massive Redemption means the situation when, on a single open day of the Fund, the Units of net redemption of application of the Fund (the total Units of redemption application of the Fund plus the total Units of the switching-out application fund in the Fund switching, with the total Units of subscription application and the balance of the total switching-in application Units in the Fund switching deducted) exceeds 10% of the total Fund Units on the preceding day
44. Fund Account means the account opened by the Fund Registration Agency for Investors for the purpose of recording the information on Units of the open-ended Fund held by the Investor
45. Trading Account 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 trading through the Sales Agency
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. 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) with Fund switching business available managed by Fund Manager
48. Regular Investment Plan	means an investment method that Investors arrange the purchasing date of each period, amount of deduction and method of deduction by the ways of applying from related Sales Agency and then the Sales Agency deducts automatically from the designated account and submits the subscription application on the arranged subscription date of each period
49. Fund Returns	means bonus, dividends, bond interest, returns on notes investment, bid-ask spread, bank deposit interest and other returns due to investment of the Fund and savings on costs and expenditures brought by operation of Fund assets
50. Total Asset Value of the Fund	means the aggregate value of securities and notes held by the Fund, principal and interest of bank deposit, subscription amount receivable and other investment
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. 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
53. Money Market	means cash; time deposit and large-amount

Instrument	slips within one year (included); bonds with a remaining period within 397 days (included); bond repurchase within one year (included); central bank bills within one year (included); and other financial instruments of high liquidity approved by the CSRC and the People's Bank of China
54. Designated Media	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, avoided or overcome by the parties
56. Sales Service Fee	means such fees as drawn from Fund assets for marketing and sales of the CCB Principal Dual Income Bond Fund as well as the service of Class C Fund Unitholders
57. Fund Unit Type	means different types of the CCB Principal Dual Income Bond Fund classified based on differences in initial subscription fee/subscription fee, collection methods of sales service fee and regions where Fund Units are sold. Each Fund Unit Type shall be designated a separate code and the Net Asset Value per Unit of the Fund shall be calculated and announced independently from each other
58. Class A Fund Units	means the Fund Units sold in mainland China with regard to which front-end load/initial subscription fee is collected upon initial subscription/subscription of Investors while

- sales service fee is not drawn from Fund assets of such type
59. Class C Fund Units means the Fund Units sold in mainland China with regard to which front-end load/initial subscription fee is not collected upon initial subscription/subscription of Investors while sales service fee is not drawn from Fund assets of such type
60. Class H Fund Units means Fund Units sold in Hong Kong with regard to which front-end load/initial subscription fee is collected upon initial subscription/subscription of Investors while sales service fee is not drawn from Fund assets of such type
61. 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
62. 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)
63. Hong Kong	means Hong Kong Special Administrative Region
64. Illiquid Assets	means any asset not capable of being
65. Fund Product	liquidated at a reasonable price due to laws,
Information Summary	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
	CCB Principal Dual Income Bond Fund's Fund Product Information Summary and its 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%; (America) Principal Financial Group, 25% and 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 joint 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 Executives**

Mr. Zheng 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, chief compliance officer, master. 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 CCB and consecutively worked at the headquarters in the credit and securities businesses of operation department, financial institution department and institutional business department; and consecutively held the positions of clerk, deputy senior clerk, senior clerk and senior deputy manager of institutional business department. In March 2006, he joined the company and held the positions of secretary to directorate and director of general management department. Since August 6, 2015, he has held the position of chief compliance officer of the company, since December 23, 2016 he has held the position of deputy president of the company.

Ms. Wu Lingling, employee supervisor, master. From July 1997 to September 1998, she worked at Donghai Economic and Trade Co., Ltd. of Fujian Province; in July 2001, she joined the human resources department of the headquarters of the CCB and consecutively held the positions of deputy senior clerk, business manager and assistant to senior manager; in September 2005, she joined the CCB Principal Asset Management Co., Ltd and consecutively held positions of assistant to director, deputy director and director of the HR department, general manager of the HR department and general management department. Since December 23, 2016, she has held the position of deputy president of the company.

Mr. Ma Yong, vice president, holder of master's degree. He has worked at the

Jiangsu Machinery Research Design Institute from August 1993 to August 1995. He joined the main branch of the China Construction Bank in July 1998, and has served in roles as senior staff member, principal staff member, secretary, senior manager grade secretary, assistant general manager of the high-end client department, assistant general manager and vice general manager of the wealth management and private bank department, vice governor of the Heilongjiang Province branch of the China Construction Bank. He joined CCB Principal Asset Management Co., Ltd. in August 30, 2018 and served as vice president since November 13, 2018; he concurrently held the post of chairman of CCB Capital Management Co., Ltd., a subsidiary of the Company.

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

Mr. Wu Chuming, chief compliance officer (CV available in the introduction of senior executives).

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

Ms. Zhu Hong, deputy general manager of fixed income investment department, master degree holder. Ms. Zhu served as the debt-investment assistant at Great Life Insurance Co., Ltd. from January 2007 to April 2009; she served as the assistant to the director at the fixed income department at Tianhong Asset Management Co., Ltd. from April 2009 to December 2011; she served as the director of the fixed income department at Wanjia Fund Management Co., Ltd. from January 2012 to May 2014; Since August 2014, she has consecutively served as deputy director at the investment management department, deputy director and deputy manager at the fixed income department at CCB Principal Asset Management Co., Ltd.. She has been the fund manager of CCB Principal Anxin Baoben No. 2 Mixed Securities Investment Fund since October 29, 2015, and the fund has changed to CCB Principal Yinli Flexible Allocation Mixed Securities Investment Fund on November 4, 2017. Ms. Zhu continued to be the fund manager of the fund from November 4, 2017 to August 10, 2018; She has been the fund manager of CCB Principal Anxin Baoben No. 3 Mixed Securities Investment Fund since January 4, 2016, and the fund has changed to CCB Principal Yuli Flexible Allocation Mixed Securities Investment Fund on January 11, 2018, Ms. Zhu continued to be the fund manager of the fund from January

11, 2018 to August 10, 2018. She has been the fund manager of CCB Principal Shuangzhai Enhanced Bond Securities Investment Fund since June 1, 2016; she has been the fund manager of CCB Principal Hengyuan One-year Regular Open-ended Bond Securities Investment Fund since November 17, 2016; she has been the fund manager of CCB Principal Dual Income Bond Fund since April 20, 2018. Since August 7, 2019, Ms. Zhu has served as the fund manager of CCB Principal Xinfeng Return Flexible Allocation Securities Investment Fund.

Mr. Peng Ziyun, Master's Degree Holder. He joined CCB Principal Funds in July 2013 as assistant research fellow, fixed income investment and bonds analyst, assistant fund manager and fund manager. Since July 17, 2019, he has served as the fund manager of CCB Pure Bond Bond Securities Investment Fund, CCB Double Bond Enhanced Bond Securities Investment Fund, and CCB Principal Dual Income Bond Fund. Since January 3, 2020, he has served as the fund manager of CCB Principal Yinli Flexible Allocation Mixed Securities Investment Fund and CCB Principal Ruifeng Tianli Mixed Securities Investment Fund. Since April 10, 2020, he has served as the fund manager of CCB Principal Ruifu Tianli Mixed Securities Investment Fund and CCB Yield Enhanced Bond Securities Investment Fund. The consecutive fund managers of the Fund are:

Mr. Zhong Jingdi: From December 13, 2011 to May 3, 2018;

Ms. Zhu Hong: From April 20, 2018 onwards.

Mr. Peng Ziyun: From July 17, 2019 onwards.

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

Mr. Zhang Junhong, president.

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

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

Mr. Qiao Liang, general manager of research department.

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

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

**7. There is no close kinship between and among any of the above persons.**

### **(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 quarterly reports, interim reports, and annual reports of the Fund;
7. To calculate and announce the Net Value of the Fund;
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) Responsibilities 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;

## **(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 to 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 personnel of the Company regularly assess the Company's risk situation with regard to all internal and external factors that may exert negative impact on operation objectives, appraises the extent and possibility of the impact of such factors on the Company's general operation objective, and submits 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, funds operation 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 reasonable division of labor and clearly defined responsibilities, resulting in a relationship of mutual inspection and mutual restraint, in order to reduce risks of 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 related to their responsibilities and that information is timely delivered to 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 it is the responsibility of the board of directors and management of the Company to establish, implement and maintain an internal control system.
- (2) The above-mentioned disclosure in connection with internal control is true and accurate.
- (3) The Company undertakes that it shall continuously improve its internal control system in accordance with changes in the market environment as well as the development of the Company.

## IV. Fund Custodian

### 1. Basic Information

Name:	China CITIC Bank Corporation Limited (hereinafter referred to as “China CITIC Bank”)
Domiciled Address:	6-30/F and 32-42/F, Building 1, 10 Guanghai Road, Chaoyang District, Beijing
Business Address:	6-30/F and 32-42/F, Building 1, 10 Guanghai Road, Chaoyang District, Beijing
Legal Representative:	Li Qingping
Date of Establishment:	April 20, 1987
Organisation type:	Company limited by shares
Registered Capital:	RMB 48,935.00 million
Duration	On-going
Number of Approval Document of Establishment:	General Office of the State Council of the People's Republic of China Guo Wu Han [1987] No. 14
Number of Approval Document of Fund Custody Business	Zheng Jian Jin Zi [2004] No. 125 of the CSRC
Contact	Asset custody department of China CITIC Bank
Telephone:	4006800000
Contact:	Hong Yuan
Facsimile:	010-85230024
Customer Service Hotline	95558
Website:	bank.ecitic.com
Business scope:	concurrent business of insurance and agency business, taking deposits from the public; offering short-term, mid-term and long-term loans; handling domestic and international settlements; handling the acceptance and discounting of notes; issuing financial bonds; acting as an agent for the issue, redemption and underwriting of government bonds; buying and selling government and financial bonds; engaging in interbank lending; buying and selling foreign exchange and acting as an agent for buying and selling foreign exchange; engaging in bank card business; providing services and guarantees for letters of credit acting as an agent for receipts and payments; providing safe-deposit box services; settlement and sales of foreign exchange; acting as an agent for open-ended fund

business, handling gold business, exporting and importing of gold; providing the securities investment funds custody business, enterprise annuity custody business, insurance custody business and QFII custody business; other business approved by China Banking Regulatory Commission under the State Council. (Corporation may select its business scope on its own according to law and begin operating activities; business activities that require pre-approvals according to laws and regulations can only be conducted after obtaining approvals from the relevant authorities; conducting operating activities within the prohibited and restricted scope of the industry policies of the city is not allowed)

China CITIC Bank, founded in 1987 is one of the oldest and emerging commercial banks during the opening and reform of China and the first commercial bank to participate in the financing of domestic and international financial markets. Moreover, it is well known to the whole world by making several records in the modern financial history of China. In April 2007, China CITIC Bank simultaneously listed its A and H shares at the Shanghai Stock Exchange and the Hong Kong Exchange.

China CITIC Bank aspires to become “the enterprise offering the best comprehensive financial services”. To attain this development vision, China CITIC Bank fully leverages on the unique competitive advantages of CITIC Group in placing financial and non-financial businesses on an equal footing, and at the same time holds firm to its “customer orientation” and adheres to the business concept of “safe CITIC Bank, compliant operation, science and technology for growth, serving the real economy, market orientation and value creation”. For corporate customers and institutional customers, China CITIC Bank offers integrated financial solutions in corporate banking business, international business, financial markets business, institutional banking business, investment banking business, factoring business and custody business. For individual customers, China CITIC Bank provides diversified financial products and services in retail banking, credit card, consumer finance, wealth management, private banking, going abroad finance and e-banking. As such, China CITIC Bank satisfies the needs of corporate, institutional and individual

customers for comprehensive financial services on all fronts.

As at the end of June 2020, China CITIC Bank had 1,397 outlets in 151 large and medium-sized cities in China and 6 affiliates at home and abroad including CITIC International Financial Holdings Corporation Limited (“CIFH”), CNCB (Hong Kong) Investment Co., Ltd., CITIC Financial Leasing Co., Ltd., Zhejiang Lin’an CITIC Rural Bank Limited, CITIC aiBank Corporation Limited, and Halyk Altyn Bank. CITIC Bank International Limited, a subsidiary of CIFH, recorded 35 outlets and 2 business centers in Hong Kong SAR, Macau SAR, New York, Los Angeles, Singapore and mainland China. CNCB (Hong Kong) Investment Co., Ltd. had 3 subsidiaries in Hong Kong and mainland China. CITIC aiBank Corporation Limited, a joint venture co-sponsored by China CITIC Bank and Baidu, was the first independent legal entity practicing direct banking in China. JSC Altyn Bank had 7 outlets and 1 private banking center in Kazakhstan.

China CITIC Bank has persevered in serving the real economy, engaging in stable healthy business operation and keeping abreast with the times. Thriving through over 30 years’ growth and expansion, China CITIC Bank has become a financial conglomerate with strong comprehensive competitiveness and powerful brand influence, registering more than RMB6 trillion total assets and nearly 60,000 employees. In 2020, The Banker magazine of the United Kingdom rated China CITIC Bank the 21st on its list of the “Top 500 Global Bank Brands” and the 24th on its list of the “Top 1,000 World Banks” in terms of tier-one capital.

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

Mr. Fang Heying, Executive director, Vice President and Chief Financial Officer of China CITIC Bank. Mr. Fang joined the Board of Directors of China CITIC Bank in September 2018. He has been Party committee member of China CITIC Bank since August 2014, vice president of China CITIC Bank since November 2014, concurrently chief financial officer of China CITIC Bank since January

2017, deputy secretary of the Party committee of the China CITIC Bank since February 2019. At the moment, Mr. Fang is also concurrently a director of CNCB Investment, CNCBI and CIFH. Prior to that, Mr. Fang headed China CITIC Bank's financial markets business from May 2013 to January 2015. He was concurrently Party secretary and president of the China CITIC Bank's Hangzhou Branch between May and September 2014 and served as Party secretary and president of China CITIC Bank's Suzhou Branch from March 2007 to May 2013. From September 2003 to March 2007, he successively held various positions at China CITIC Bank's Hangzhou Branch, including assistant president, Party committee member, and vice president. From December 1996 to September 2003, he worked at China CITIC Bank's Hangzhou Branch, successively holding the positions of section chief and deputy general manager of the credit department, general manager and Party secretary of Fuyang sub-branch, deputy general manager of the international settlement department, deputy general manager of the retail business department, and general manager of the business department. From July to December 1996, he was deputy director of Hangzhou Chengdong Office of Shanghai Pudong Development Bank. From December 1992 to July 1996, he worked at the credit department of the experimental urban credit cooperative of Zhejiang Banking School, successively holding the positions of credit clerk, manager, and assistant general manager. From July 1991 to December 1992, he was a teacher at Zhejiang Banking School. Mr. Fang is a senior economist and a graduate of Peking University with a master's degree in business administration. He has over 20 years of experience in the Chinese banking industry.

Mr. Xie Zhi Bin, the deputy president of China CITIC Bank, responsible for custody business. Mr. Xie has been serving as the deputy president of China CITIC Bank since June 2019 and as a member of the Party Committee of China CITIC Bank since February 2019. Prior to this, Mr. Xie has been serving as secretary of the Disciplinary Committee and as a member of the Party Committee of China Everbright Group. From March 2012 to July 2015, he has served as assistant to the general manager of China Export & Credit Insurance Corporation, during the period from January 2014 to July 2015, he has also served as member and deputy mayor of the Standing Committee of the Inner Mongolia Autonomous

Region Hohhot Municipal Committee. From March 2011 to March 2012, he has served as a member of the party committee and assistant to the general manager of China Export & Credit Insurance Corporation. From October 2001 to March 2011, he has served as a staff member of the human resources department of China Export & Credit Insurance Corporation, its assistant general manager, deputy general manager, general manager (assistant minister, deputy minister, and minister of the Organization Department of the Party Committee), secretary of the Party Committee of Shenzhen Branch, head of the Hebei Branch, secretary of the Party Committee, General Manager. From July 1991 to October 2001, he has served as a staff member, principal staff member and deputy director of the People's Insurance Company of China Ltd. Mr. Xie is an economist and graduated from the Renmin University of China with a doctorate degree in economics.

Mr. Yang Zhang Qi, currently the general manager of the asset custody department of China CITIC bank, master degree holder. He was the deputy general manager of the finance and business department of China CITIC bank from January 2018 to March 2019. He was the vice president of the Changchun branch from May 2015 to January 2018; he was the assistant to the general manager of China CITIC bank's institutional business department from April 2013 to May 2015. From July 1996 to April 2003, he worked in the Beijing branch (formerly the head office) and served as branch president, deputy general manager of the investment banking and general manager of the trade and finance department.

### **(III) Information of Fund Custody Business**

On August 18, 2004, China CITIC Bank was approved by the China Securities Regulatory Commission (CSRC) and the China Banking Regulatory Commission (CBRC) and obtained the qualification of fund custodian. China CITIC Bank feasibly performs the duty of fund custodian with honesty, good faith and due diligence.

As of the end of the third quarter of 2020, China CITIC Bank has safekept 171 open-ended securities investment fund as well as asset management products of securities companies, trust products, enterprise annuity, equity funds, QDII and other custody assets. The scale of custody assets has exceeded RMB 9.79 trillion.

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

##### **1. Objectives of Internal Control**

To strengthen the internal management and ensure relevant laws and regulations are implemented comprehensively and strictly in fund custody business; to establish comprehensive rules and procedures to ensure continuous and stable development of fund custody business; to strengthen audit and supervision and establish an effective risk monitoring system to discover, analyze and avoid risk and timely as well as to ensure the safety of Fund assets and maintain the interests of Fund Unitholders.

##### **2. Organizational Structure of Internal Control**

The headquarters of China CITIC Bank established the risk management committee, which is responsible for risk control and risk prevention work of the whole bank; and internal control and compliance divisions are set up within the custody department to take charge of the internal risk control of the custody department as well as to audit and monitor independently, objectively and impartially each work stage and business process.

##### **3. Internal Control System**

In strict accordance with the provisions of the laws and regulations of the Fund Law and with the main line of controlling and preventing the risk of fund custody business, China CITIC Bank formulated a whole set of rules and regulations such as China CITIC Bank Management Approach for Fund Custody Business, China CITIC Bank Management Approach on Internal Control for Custody Business and Implementation Rules on Internal Control Examination of China CITIC Bank Fund Custody Business, which covered each aspect of securities investment fund custody business so as to ensure the legal, continuous and stable development of the securities investment fund custody business.

#### 4. Internal Control Measures

The Bank established various rules and regulations, operating procedures, job responsibilities, code of conduct and the like to guarantee the stable development of fund custody business; created material conditions to safekeep fund assets, implemented closed management for business operation places, set up security and confidentiality area in critical departments and positions, installed video, audio monitoring system to make sure the safety of fund information; established strict internal control defensive line and business authorization management system to ensure the independent operation of fund assets; created an excellent internal control environment and organized all kinds of continuous trainings to strengthen the professional ethics education.

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

Pursuant to the provisions of the Fund Law, the Measures for Operation, the Fund Contract and relevant laws and regulations, the Fund Custodian shall supervise and examine the legitimacy and compliance of practices such as the investment and financing of the Fund, the prohibitive investment act of the Fund, the investment scope of the Fund, the investment object of the Fund, the auditing of the assets of the Fund, the calculation of the Net Asset Value of the Fund, the deduction and payment of remuneration of the Fund Manager, the arrival of the Subscription payment, the transfer of Redemption payment and the distribution of the income of the Fund.

Should the Fund Custodian notice any behavior of the Fund Manager in violation with the Fund Law, the Measures for Operation, the Fund Contract or the laws and regulations related to the Funds, the Fund Custodian shall have the right to demand for correction by the Fund Manager within a specified period and report to the CSRC. The Fund Custodian shall have the right to conduct review on the notification from time to time within the specified period, and urge the Fund Manager to rectify the violation. Should the Fund Custodian notice any material violation by the Fund Manager and who is unable to rectify the violations within the specified period, the Fund Custodian shall report to the CSRC in writing.



## **V. Relevant Service Providers**

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

#### **(1) Direct Sales Agency**

##### **(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 Financial Street, Xicheng District, Beijing

Office Address: Chang'an Xinrong Center, No.1 Building, Yard 1,  
Naoshikou Street, Xicheng District, Beijing

Legal Representative: Tian Guoli

Representative:

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 Si Qing  
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) CITIC Bank Corporation Limited

Domicile: 6-30/F and 32-42/F, Building 1, 10 Guanhua Road,  
Chaoyang District, Beijing  
Office Address: 6-30/F and 32-42/F, Building 1, 10 Guanhua Road,  
Chaoyang District, Beijing  
Legal Li Qingping  
Representative:  
Customer Service 95558  
Hotline:  
Website: [Bank.ecitic.com](http://Bank.ecitic.com)

(5) 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 Di Qi  
Representative:  
Customer Service    95559  
Hotline:  
Website:                <http://www.95559.com.cn>

(6)     China Minsheng Bank Co., Ltd.

Domicile:                No. 2 Fuxingmen Neidajie, Xicheng District, Beijing  
Office Address:        China Minsheng Bank Building, No. 2 Fuxingmen  
                                 Neidajie, Xicheng District, Beijing  
Legal                      Gao Ying Xin  
Representative:  
Customer Service    95568  
Hotline:  
Website:                <http://www.cmbc.com.cn>

(7)     Bank of Beijing Co., Ltd.

Domicile:                1/F, No. 17 Finance Avenue A, Xicheng District, Beijing  
Office Address:        No. 17 Finance Avenue C, Xicheng District, Beijing  
Legal                      Zhang Dongning  
Representative:  
Customer Service    95526  
Hotline:  
Website:                <http://www.bankofbeijing.com.cn>

(8)     China Merchants Bank Co., Ltd.

Registered                China Merchants Bank Building, No. 7088 Shennan  
address:                    Avenue, Shenzhen  
Legal                      Miao Jian Min  
Representative:  
Customer Service    95555 (or dial the enquiry line of sales outlet in each  
Hotline:                    respective city)  
Fax:                        0755-83195109

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

(9) China AMC Bank Co., Ltd

Registered address No. 22, Jianguomen Dajie, Dongcheng District, Beijing

Legal Li Minjie

Representative:

Customer Service 95577

Hotline:

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

(10) Bank of Bohai

Registered address No. 218, Haihe East Road, Hedong District, Tianjin City

Business address No. 218, Haihe East Road, Hedong District, Tianjin City

Legal Li Fu'an

Representative:

Customer Service 95541

Hotline:

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

(11) Shanghai Pudong Development Bank Co., Ltd.

Registered address No.12 East Zhongshan First Road, Shanghai City

Business address No.12 East Zhongshan First Road, Shanghai City

Legal Zheng Yang

Representative:

Customer Service 95528

Hotline:

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

(12) Sunshine Life Insurance Co., Ltd.

Company Kuntai International Building, Building 1, No. 12,

Address: Chaowai Street, Chaoyang District, Beijing  
 Legal representative: Li Ke  
 Customer Service 95510  
 Hotline:  
 Company website: <http://www.sinosig.com>

(13) Beijing Duxiaoman Fund Sales Co., Ltd.  
 Registered address: Room 103, 1st Floor, Building 4, West District, No. 10 Xibeiwang East Road, Haidian District, Beijing  
 Legal Representative: Ge Xin  
 Customer Service 95055-4  
 Hotline:  
 Website: <https://www.baiyingfund.com/>

(14) 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  
 Legal Representative: Zhong Feifei  
 Customer Service 4000-618-518  
 Hotline:  
 Website: <https://danjuanapp.com>

(15) Beijing Huicheng Fund Sales Co., Ltd.  
 Registered address: Room 1108, 11/F, No.11 Zhongguancundajie Street, Haidian District, Beijing  
 Legal Representative: Wang Weigang  
 Customer Service 010-56282140  
 Hotline:

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

(16) 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>

(17) Dalian Wang Jin Fund Sales Co.,

Registered address: Room 202, 2nd Floor, Nord Building, No. 22 Titan Road,  
Shahekou District, Dalian City, Liaoning Province

Legal representative: Fan Huaidong

Customer Service Phone: 4000-899-100

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

(18) Datai Jinshi Fund Sales Co., Ltd.

Registered address Room 2105, Modern Pentathlon Venue, Nanjing  
Olympics Sports Centre, No. 222 Jiangdong Middle Road,  
Jianye District, Nanjing

Legal Representative Yao Yang

Representative:

Customer Service 400-928-2266

Hotline:

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

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

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

Legal representative: Zheng Li Kun

Customer Service Hotline: 95357

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

(20) Fan Hua Puyi Fund Sales Co., Ltd.

Registered address: Room 1101, Gaodi Center, No. 9 Jianshe Road, Chenghua District, Chengdu

Legal representative: Yu Haifeng

Customer Service Phone: 400-080-3388

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

(21) Shenzhen Fuji Fund Sales Company Limited

Registered address 01B, 02, 03, 04 unit, 35th Floor, Zhongzhou Building, Jintian Road, Futian Street, Futian District, Shenzhen

Legal Liu Pengyu

Representative:

Customer Service 0755-83999913

Hotline:

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

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

Registered address 19/F, Tower B, Pengrun Building, No.26, Xiaoyun Road, Chaoyang District, Beijing

Legal Ding Donghua

Representative:

Customer Service 400-111-0889

Hotline:

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

(23) Shanghai Hao Mai Fund Sales Co., Ltd.

Registered address Suite 449, Building No. 4, No. 37 Changzhong Road 685 Nong, Hongkou District, Shanghai

Legal Yang Wenbin

Representative:

Customer Service 400-700-9665

Hotline:

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

(24) Huo Geng Chuan Cheng Fund Sales Co

Registered address: 5th floor 503, 6th Floor, North East Kangning Street,  
Dongfeng South Road, Zhengzhou Area (Zhengdong), Henan Pilot Free Trade  
Zone

Legal representative: Wen Liyan

Customer Service Tel: 4000-555-671

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

(25) Hexie Insurance Sales Co., Ltd.

Registered 2302, 20/F, Building No.55, East Sanhuan Middle Road,  
Address: Zhaoyang District, Beijing City

Legal Jiang Hong

Representative:

Customer Service 95569

Hotline:

Website: <https://www.hx-sales.com>

(26) Hexun Information Technology Co., Ltd.

Registered 10<sup>th</sup> Floor, Fanli Building, No.22 Zhaowaidajie Street,  
address Zhaoyang District, Beijing City

Legal Wang Li

Representative:

Customer Service 4009200022

Hotline:

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

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

Registered Room 5122, 5/F, No.10, Hongda North Road, Economic  
address and Technological Development Zone, Beijing

Legal Zhou Bin

Representative:

Customer Service 4007868868

Hotline:



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

(28) Beijing HongDian Fund Sales Limited

Registered address Unit 222, Level 2, Gongren Sports Ground Jia No. 2,  
Chaoyang District, Beijing

Legal Representative: Zheng Yudong

Customer Service

Hotline: 400-618-0707

Website:

<http://www.hongdianfunds.com/>

(29) Huarui Insurance Sales Co. Ltd

Registered address: 13-14/F, Block B, Building 1, Yuntong Fortune Plaza, 399  
Zhongren Road, Nanxiang Town, Jiading District, Shanghai

Legal representative: Lu Hao

Customer Service Hotline: 952303

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

(30) Shanghai Huifu Fund Sales Company Limited

Registered address Room 1807-5, No.336, Xizang Middle Road, Huangpu  
District, Shanghai

Legal Representative: Zhang Jing

Customer Service

Hotline: 400-820-2819

Website:

[www.chinapnr.com](http://www.chinapnr.com)

(31) Harvest Wealth Management Co., Ltd.

Registered address Units 5312-15, 53/F, Office Building Phase II, Shanghai  
International Finance Centre, No.8 Century Avenue,  
Pudong New District, Shanghai City

Legal                      Zhao Xuejun  
Representative:  
Customer Service    400-021-8850  
Hotline:  
Website:                <http://www.harvestwm.cn>

(32) Shanghai Liantai Fund Sales Co.,  
Registered address: Room 310, 3rd Floor, No. 277, North Fute Road, China  
(Shanghai) Pilot Free Trade Zone  
Legal representative: Yan Bin  
Customer Service Hotline: 4000-466-788

(33) Shanghai Lujinsuo Asset Management Company Limited  
Registered              Unit 09, 14/F, No.1333, Lujiazuihuan Road, Pudong New  
address                  Area, Shanghai  
  
Legal                      Wang Zhiguang  
Representative:  
Customer Service    400-821-9031  
Hotline:  
Website:                [www.lufunds.com/](http://www.lufunds.com/)

(34)                      Ant (Hangzhou) Fund Sales Co., Ltd.  
Registered              Room 202, Block 1, No. 1218 West Street, Warehouse  
address                  before, Yuhang District, Hangzhou District,, Jiangsu  
Province  
  
Legal                      Chen Baiqing  
Representative:  
Customer Service    4000766123  
Hotline:  
Website:                <http://www.fund123.cn>

(35) Min Shang Fund Sales (Shanghai) Co., Ltd.  
Registered address: Room A31, 6th Floor, District H (East Building), No.666

Beijing East Road, Huangpu District, Shanghai

Legal representative: Ben Huiqin

Customer Service Tel: 021-50206003

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

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

Registered address No.1-5 Suningdadao Avenue, Xuanwu Area, Nanjing City

Legal Representative: Liu Hanqing

Customer Service 95177

Hotline:

Website:

<http://www.snjijin.com>

(37) Nuoyazhenghang (Shanghai) Jijin Xiaoshou Investment Consultant Company Limited

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

Legal Representative: Wang Jingbo

Customer Service 400-821-5399

Hotline:

Website:

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

(38) Shanghai China Wealth Investment Management Co., Ltd.

Registered Address: Room 268, 2/F, Block 1, No.687 East Daming Road, Hongkou District, Shanghai City

Legal Representative: Mao Huaiping

Customer Service 400-817-5666

Hotline:

Website:

<https://www.amcfortune.com>

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

Registered address 12/F, Block 10, No. 61 E'shan Road 91 Nong, Pudong  
New District, Shanghai

Legal Li Xingchun

Representative:

Customer Service 400-921-7755

Hotline:

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

(40) 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>

(41) Shanghai Wind Fund Sales Co., Ltd.

Registered address Block B, 11/F, No. 33 Fushan Road, China (Shanghai)  
Pilot Free Trade Zone, Shanghai

Legal Wang Tingfu

Representative:

Customer Service 400-821-0203

Hotline:

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

(42) Shenzhen Newland Securities Investment Consultants Co., Ltd.

Registered address 1006#, 10/F, Building 4, SEG Science Park, Huaqiang  
North Road, Futian District, Shenzhen

Legal Ma Yong

Representative:

Customer Service 400-166-1188

Hotline:

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

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

Address Room 03, No. 703 Huang Kan Cun, Jiudu River Town,  
Huairou District, Beijing

Legal Jiang Yu

Representative:

Customer Service 4008188866

Hotline:

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

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

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

Legal Zhang Guanyu

Representative:

Customer Service 400-819-9868

Hotline:

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

(45) Shenzhen Tengan Fund Sales Co., Ltd.

Registered Room 201, Building A, No. 1 Qianwanyi Road, Shengang  
address: Cooperative District, Qianhai, Shenzhen, China

Legal Liu Ming Jun

Representative:

Customer Service 95017 (dial 1 and then 6)

Hotline:

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

(46) Shanghai Tian Tian Fund Sales Co., Ltd.

Registered address 2/F, Building No. 2, 190 Nong tian Road, Xuhui District,  
Shanghai

Legal Qi shi  
Representative:  
Customer Service 4001818188  
Hotline:  
Website: <http://www.1234567.com.cn>

(47) Zhejiang Tonghuashun Fund Sales Co., Ltd.

Registered address Room 903, Yuanmao Building, No.1, Wen'erxi Road,  
Hangzhou, Zhejiang Province

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

(48) Beijing Weidongli Investment Management Co., Ltd.

Registered address 341, Jingshan Caifu Centre, No.113, Gucheng West Road,  
Jingshan District, Beijing

Legal Ji Changjun  
Representative:  
Customer Service 400-819-6665  
hotline:  
Website: [www.buyforyou.com.cn](http://www.buyforyou.com.cn)

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

Registered address Room 518, 5/F R & D Block of Sina Plaza, Lot N-1, N-2  
Zhongguancun Software Park II (Westbound Extension),  
Wangxi Road, Haidian District, Beijing

Legal Zhao Xinrui  
Representative:  
Customer Service 010-62675369  
hotline:  
Website: <https://trade.xincai.com/web/promote>

(50) iFAST Financial Fund Sales Company Limited

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 TEO WEE HOWE

Representative:

Customer Service 400-684-0500

Hotline:

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

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

Registered address 3491, Room 105, No.6, Boahua Road, Hengqin New Area,  
Zhuhai

Legal Xiao Wen

Representative:

Customer Service 020-89629066

Hotline:

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

(52) Shanghai Changliang Fund Sales Investment Consulting Co., Ltd.

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

Legal Zhang Yuewei

Representative:

Customer Service 400-820-2899

Hotline:

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

(53) Shenzhen Zonglu Financial Holdings Limited

Registered address Unit I, J, 25/F, Development Bank Building, No. 5047  
Shennan East Road, Luo'hu District, Shenzhen

Legal                      Xi feng  
Representative:  
Customer    Service    4006788887  
Hotline:  
Website:                      <http://www.zlfund.cn>, <http://www.jjmmw.com>

(54)    Guotai Junan Securities Co., Ltd.

Registered                No. 618 Shangcheng Road, Pudong New District,  
Address:                      Shanghai  
Office Address:        No. 135 Yanping Road, Shanghai  
Legal                      Wang Song (Acting)  
Representative:  
Customer Service    400-8888-666  
Hotline:  
Website:                      [www.gtja.com](http://www.gtja.com)

(55)            CITIC Securities Co., Ltd.

Registered address:    Level A, China Merchants Bank Tower, No. 7088 Shennan  
   Road, Shenzhen  
Legal                      Zhang Youjun  
Representative:  
Customer    Service    95558  
Hotline:  
Website:                      [www.citics.com](http://www.citics.com)

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

Registered address:    20/F, Building No. 1, Qingdao International Finance Plaza,  
   No. 222 Shenzhen Road, Laoshan District, Qingdao  
Legal                      Jiang Xiaolin  
Representative:  
Customer    Service    0532-96577  
Hotline:  
Website:                      [www.zxwt.com.cn](http://www.zxwt.com.cn)



(57) Everbright Securities Co., Ltd.

Registered address: No. 1508 Xinzha Road, Jingan District, Shanghai

Legal Representative: Zhou Jiannan

Customer Service

Hotline: 10108998

Website:

www.ebscn.com

(58) China Merchants Securities Co., Ltd.

Registered address: 38-45/F, Block A, Jiangsu Building, Yitian Road, Futian District, Shenzhen

Legal Representative: Huo Da

Customer Service

Hotline: 95565, 4008888111

Website:

www.newone.com.cn

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

Registered address: 14/F, 16/F, 17/F, Special Zone Press Building, No. 6008 Shennan Road, Futian District, Shenzhen

Legal Representative: Cao Hong

Customer Service

Hotline: 0755-82288969

Website:

www.cc168.com.cn

(60) Haitong Securities Co., Ltd.

Registered address: No. 689 Guangdong Road, Shanghai

Legal Representative: Zhou Jiannan

Customer Service

Hotline: 400-8888-001, (021) 962503

Hotline:

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

(61) Changjiang Securities Co., Ltd.

Registered address: Changjiang Securities Building, Special No. 8 Xinhua Road, Wuhan

Legal Li Xin Hua

Representative:

Customer Service 4008-888-999

Hotline:

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

(62) CSC Financial Co., Ltd.

Registered address: No. 188 Zhaoyangmenneidajie Street, Beijing

Legal Wang Changqing

Representative:

Customer Service 400-8888-108

Hotline:

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

(63) Huatai Securities Co., Ltd.

Registered address: Huatai Securities Building, No. 90 East Zhongshan Road, Nanjing, Jiangsu

Legal Zhou Yi

Representative:

Customer Service 025-84579897

Hotline:

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

(64) Zhongtai Securities Co., Ltd.

Registered address: No. 128 Jingshi Road, Jinan, Shandong

Legal                      Li Yi  
Representative:  
Customer Service    95538  
Hotline:  
Website:                www.qlzq.com.cn

(65)    Northeast Securities Co., Ltd.

Registered              No. 138-1 Renmindajie Street, Changchun  
address:  
Legal                      Li Wanchun  
Representative:  
Customer Service    0431-96688, 0431-85096733  
Hotline:  
Website:                www.nesc.cn

(66)    Bohai Securities Co., Ltd.

Registered              Room 101, Office Building, No. 42 Dierdajie Street,  
address:                Tianjin Economic and Technological Development Zone  
Legal                      Wang Chunfeng  
Representative:  
Customer Service    4006515988  
Hotline:  
Website:                www.bhzq.com

(67)    Guangfa Securities Co., Ltd.

Registered              43/F, Metropolitan Plaza, No. 183 North Tianhe Road,  
address:                Guangzhou  
Legal                      Sun Shuming  
Representative:  
Customer Service    020-95575  
Hotline:  
Website:                www.gf.com.cn

(68) Huaifu Securities Co., Ltd.

Registered address: 7/F, 8/F, Xintiandi Building, No. 157 Wusi Road, Fuzhou

Legal Representative: Huang Jinlin

Customer Service

Hotline: 0591-96326

Website:

www.gfhfzq.com.cn

(69) Cinda Securities Co., Ltd.

Registered address: Cinda Finance Centre, Building No. 1, Yard No. 9, Naoshikoudajie Street, Sicheng District, Beijing

Legal Representative: Zhang Zhigang

Customer Service

Hotline: 400-800-8899

Website:

www.cindasc.com

(70) Xingye Securities Co., Ltd.

Registered address: No. 99 Hudong Road, Fuzhou

Legal Representative: Yang Huahui

Customer Service

Hotline: 4008888123

Website:

www.xyqz.com.cn

(71) Caifu Securities Co., Ltd.

Registered address: 26/F, Shutian International Fortune Centre, No. 80 Section 2 Middle Furong Road, Changsha

Legal Representative: Liu Wan Chen

Customer Service

Hotline: 0731-4403340

Hotline:

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

(72) Donghai Securities Co., Ltd.

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

Legal Zhao Jun

Representative:

Customer Service 4008888588

Hotline:

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

(73) Shenwan Hongyuan Securities Co., Ltd.

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

Legal Yang Yucheng

Representative:

Customer Service 95523 or 4008895523

Hotline:

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

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

Address: Room 2005, 20/F, Dacheng National Building, No.358  
South Beijing Road, Gaoxin Area (New Urban Area),  
Urumqi City, Uyghur Autonomous Region, Xinjiang

Legal Li Qi

Representative:

Customer Service 4008-000-562

Hotline:

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

(75) Guoyuan Securities Co., Ltd.

Registered No. 179 Shouchun Road, Hefei

address:

Legal                      Cai Yong

Representative:

Customer Service    400-8888-777

Hotline:

Website:                www.gyzq.com.cn

(76)    China Investment Securities Co., Ltd.

Address:                Levels 04, 18 – 21, Block A, Rongchao Commercial  
Centre, No.6003 Yitian Road, Futian Area, Shenzhen City

Legal                      Gao Tao

Representative:

Customer Service    4006008008

Hotline:

(77)    Shanghai Securities Co., Ltd.

Registered              No. 336 Middle Tibet Road, Shanghai

(Office) address:

Legal                      Li Junjie

Representative:

Customer Service    400-891-8918, 021-962518

Hotline:

Website:                www.962518.com

(78)    Pingan Securities Co., Ltd.

Registered              8/F, Dazhonghua International Exchange Square, Jintian  
address:                Road, Shenzhen

Legal                      He Zhijiang

Representative:

Customer Service    4008866338

Hotline:

Website:                stock.pingan.com

(79) Shanghai Changliang Fund Sales Investment Consulting Co., Ltd.

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

Legal: Zhang Yuewei

Representative:

Customer Service: 400-820-2899

Hotline:

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

(80) CITIC Futures Co., Ltd.

Registered address: 1301-1305, 13/F, 14/F, North Tower, Excellence Time  
Square (Phase II), No. 8 Zhongxin Road No. 3, Futian  
District, Shenzhen

Legal: Zhang Hao

Representative:

Customer Service: 400 990 8826

Hotline:

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

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

Legal: Wang Junhui

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)

(82) China Galaxy Securities Co., Ltd.

Registered address: Block C, International Enterprise Building, No. 35  
Jinrongdajie Street, Xicheng District, Beijing

Legal: Chen Gongyan

Representative:

Customer Service 400-888-8888

Hotline:

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

(83) Huarong Securities Co., Ltd.

Legal Zhu Xianzhong

Representative:

Address: 11-18/F, PICC Tower, No. 18 Zhaoyangmenwaibeidajie  
Street, Zhaoyang District, Beijing

Customer Service 95390

Hotline:

(84) Minsheng Securities Investment Co., Ltd.

Registered 16-20/F, Block A, Minsheng Financial Centre, No. 28  
address: Jianguomenneidajie Street, Dongcheng District, Beijing

Legal Feng Henian

Representative:

Customer Service 95376/400-619-8888

Hotline:

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

(85) Tianfeng Securities Co., Ltd.

Legal Yu Lei

Representative:

Customer Service 400-800-5000

Hotline:

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

(86) First Capital Securities Co., Ltd.

Address: 20th Floor, Investment Bank Building, No. 115, Fuhua 1st Road, Futian  
District, Shenzhen

Legal representative: Liu Xuemin

Customer Service Hotline: 95358

Company website: <https://www.firstcapital.com.cn/>



Fund Manager may, pursuant to relevant provisions of laws and regulations, select other agencies complying relevant requirements for the sale of the Fund, and announces 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: Wang Shanshan and He Yao.

## **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 the laws and regulations.

The Fund was offered upon approval by the CSRC on October 13, 2011 in its approval document Zheng Jian Xu Ke. [2011] No. 1660.

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

Bond securities investment fund

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

Contractual type, open-ended type

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

Indefinite

### **(V) Par Value of the Fund**

The initial par value 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 November 11, 2011 to December 9, 2011. In case of failure to fully satisfying conditions for filing of the Fund as specified in Section (I) Chapter 7 of the Prospectus during such period, the Fund could be sold during the Fund Offering Period. The Fund Manager may extend or shorten the Offering Period in an appropriate manner based on sales of the Fund and timely make announcement.

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

Individual Investors, Institutional Investors, Qualified Foreign Institutional Investors and other Investors who are permitted to subscribe securities investment funds by the laws and regulations or the CSRC.

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

The Fund is 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 a Consignment Agency where appropriate by issuing an announcement.

## **(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. 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 rate of the Fund is shown as follows.

<b>Initial Subscription Amount</b>	<b>Initial Subscription Rate</b>
M < RMB 1 Million	0.6%
RMB 1 million ≤ M < RMB 5 million	0.4%
M ≥ RMB 5 Million	RMB 1,000 per each subscription

*Note: M for initial subscription amount.*

The initial subscription fee of the Fund shall be borne by the applicant and shall not be vested with the Fund assets. Such initial subscription fee is used to cover various expenses incurred by the Fund's marketing, sales, registration, etc. Investors can subscribe the Fund many times where the subscription fee rates will be calculated separately. Investors may make several Initial Subscription of Fund Units, and the Initial Subscription rate is calculated separately in accordance with each round of initial Subscription.

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

The initial subscription fee for the Fund shall be RMB 1.00 per Unit.

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 and amount of interests as recorded by the Registration Agency shall be taken as final.

Calculation method of initial subscription amount of Fund Units:

Net initial subscription amount = initial subscription amount / (1 + initial subscription rate)

Initial subscription fee = initial subscription amount - net initial subscription

amount

Initial subscription amount = (net initial subscription amount + initial subscription interest) / Initial par value of the Fund Unit

Example: An Investor makes an investment of RMB 50,000 in the initial subscription of the Fund. Suppose that the interest on the initial subscription amount is RMB 5.00, the initial subscription Units he/she will get are as follows:

Net initial subscription amount =  $50,000 / (1 + 0.6\%) = \text{RMB } 49,701.79$

Initial subscription fee =  $50,000 - 49,701.79 = \text{RMB } 298.21$

Initial subscription amount =  $(49,701.79 + 5) / 1.00 = 49,706.79$

i.e. Investors making an investment of RMB 50,000 in the initial subscription of the Fund will get 49,706.79 Fund Units.

Initial subscription Unit is rounded off to 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 or the Fund Manager's confirmation on the outcome shall be taken as final. Investors may enquire on the confirmation of application of Initial Subscription and subscribed Units at each Fund Sales Outlet after the effective date of the

Fund Contract.

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

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 Funds**

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 Fund Raising**

**As of December 9, 2011, the work relating to fund raising had been completed successfully. As audited by PricewaterhouseCoopers Zhong Tian LLP, the net subscription amount of funds raised during this fund raising is RMB1,951,604,406.33. The interests accrued on the initial subscription amounts during the Fund Offering Period amounted to RMB 73,206.37. The number of effective subscription accounts opened during this fund raising is 10,908, on the basis that the initial par value of each Fund Unit is RMB 1.00, the total number of Fund Units converted from the subscription monies and accrued interests during the Fund Offering Period is 1,951,677,612.70 units,**



**and they are all deposited into the accounts of the investors, belonging to the investors. During this fund raising, all the monies are deposited into the CCB Principal Dual Income Bond Fund specific custodian account opened by the Fund with the Fund Custodian China CITIC Bank Corporation Limited.**

## **VII. Effectiveness 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.
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 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.

### **(III) Handling Methods to Abnormal Cases during Fund Duration**

After the coming into effect of the Fund Contract, if the number of the Fund Unitholders is less than 200 or the Net Asset Value of the Fund is below 50 million, the Fund Manager shall report to the CSRC in a timely manner; if the above circumstances last for 20 consecutive Working Days, the Fund Manager shall explain the reasons and submit to the CSRC with a recommended solution.

During the duration period after the coming into effect of the Fund, the Fund shall merge with other bond funds managed by the Fund Manager under the occurrence of any of the following circumstances:

1. The number of Fund Unitholders is below 200 for 60 consecutive Working Days;
2. The Net Asset Value of the Fund is lower than RMB 30 million for 60 consecutive Working Days;
3. The amount of Units held by the top 10 Fund Unitholders of the Fund represent over 90% of the total Units of the Fund for 60 consecutive Working Days.

Any requirements as specified by the laws and regulations which provide otherwise shall prevail

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

### **(I) Fund Unit Type**

Codes shall be respectively set for the Class A Fund Units, Class C Fund Units and Class H Fund Units of CCB Principal Dual Income Bond 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 and Class C 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 as appropriate by issuing an announcement on the Fund Manager's website. The Fund Manager may add or remove cities for sales and Sales Outlets as appropriate.

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

#### **1. Open Day and Time**

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 and Class C 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 Fund shall become available for subscription within three months after the coming into effect of the Fund Contract.

The Fund shall become available for redemption within three months after the coming into effect of the Fund Contract.

The Fund Manager shall make announcement on Designated Media within two Working Days before the commencement date of initial subscription and redemption.

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

1. The principle of “forward-pricing”, which means that the prices for the Subscription or Redemption 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 principle of “first-in-first-out”, when a Fund Unitholder redeems Class A Fund Units and Class C Fund Units and the Fund Manager processes the redemption request in respect of the Fund Units held by such Fund Unitholders, the Fund Units with an earlier confirmation date of Initial Subscription or Subscription will be firstly redeemed and Fund Units with a later confirmation date of Initial Subscription or Subscription will be redeemed later
4. The applications for Subscription and Redemption of a certain day can be cancelled before the time limit specified by the Fund Manager.
5. 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 Designated Media pursuant to the Measures for Information Disclosure before the implementation of the new principles.

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

1. Method for Application 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 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.

The Open Days of Class H Fund Units are different from those of Class A Fund Units and Class C 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.

## 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 and the relevant Sales Agencies. 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 minimum single subscription amount for each Fund Account in any Consignment Agency in China is RMB 10, 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 ten Fund Units when applying for the Redemption of Class A Fund Units and Class C 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. The Class A Units or Class C Units of the Fund has not set any minimum holding units. Please refer to supplementary documents of the Prospectus for the minimum holding arrangements of Class H Fund Units.
4. The Fund Manager may prescribe the minimum amount for the first subscription and every subscription and the minimum number of Units for every subscription of an Investor. Please refer to the updated Prospectus or relevant announcements for the specific provisions.
5. The Fund Manager may prescribe the minimum number of Units in the balance of each transaction account of an Investor. Please refer to the updated Prospectus or relevant announcements for the specific provisions.



6. The Fund Manager may prescribe the maximum number of Units held in aggregate by a single Investor, and the maximum subscription amount by a single Investor on a day. Please refer to the updated Prospectus or relevant announcements for the specific provisions.
7. 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.
8. 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 subscription amount for a single investor or the 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.
9. The Fund Manager may, in accordance with market conditions and, as permitted by laws and regulations, adjust the above-mentioned limits on subscription and redemption amount, and the Fund Manager must announce on the Designated Media in accordance with the relevant requirements under the Measures for Information Disclosure prior to the adjustment of the limits.

## **(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. 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:

<b>Situation</b>	<b>Subscription Fee Rate</b>
M < RMB 1 Million	0.8%
RMB 1 million ≤ M < RMB 5 million	0.5%
M ≥ RMB 5 Million	RMB 1,000 per each

	subscription
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*Note: M for initial subscription amount.*

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, sales and registration 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:

<b>Holding Time</b>	<b>Redemption Rate</b>
Holding time < 7 days	1.5%
7 days ≤ Holding time < 1 year	0.1%
1 year ≤ holding time < 2 years	0.05%
Holding time ≥ 2 year	0%

*Note: One year consists of 365 days.*

For Class A Units, the Redemption fee shall be borne by the investor who apply for Redemption of Units, and charged when Unitholders redeem the 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 shall be used to pay the marketing fee, the registration fee and other necessary filing fees. The Fund Manager may adjust the fee rate or payment method of Subscription, or lower the redemption fee rate and shall 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 or payment method.

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

- (1) There is not subscription fee for Class C Fund Units.

- (2) Redemption fee of Class C Fund Units of the Fund decreases along with the holding time. The standard is as follows:

Redemption fee rate of Class C Fund Unit	Holding time < 7 days	1.5%
	7 days ≤ holding time < 30 days	0.5%
	N ≥ 30 days	0

*Note: N for holding period of Fund Units; one year for 365 days.*

For Class C Units, the redemption fee shall be borne by the Fund Unitholder who redeems the Fund Units, and shall, according to the different holding period, vest the different percentage of redemption fee with the Fund assets, and the remaining parts of the redemption fee will be used to pay the registration or other necessary administrative fee. For investors whose holding period is less than 30 days, the redemption fee shall be entirely vested with the Fund assets.

### 3. 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.
- (2) The redemption fee rate of Class H Fund Units is 0.025%.

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 the Designated Media in accordance with the requirements under the Measures for Information Disclosure prior to the implementation date of new fee rate or payment method.

10. A subscription fee and redemption fee shall be charged with regards to the subscription and redemption of Class A Fund Units and Class H Fund Units of the Fund respectively; for Class C Fund Units, sales service fee shall be drawn from assets of such class of the Fund, no subscription fees shall be charged whereas a redemption fee shall be charged according to the duration of holding period.
5. The Fund Manager may reduce the subscription fee rates and the redemption 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 and Class C 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 Units 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 Unit of Such Fund Units on Day T

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

The calculation result of subscription Units shall be rounded off to two decimal places and any error thus incurred shall be added to 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 the Fund on the day of subscription is RMB 1.05, the subscription Units he/she will get are as follows:

Net subscription amount =  $50,000 / (1 + 0.8\%) = \text{RMB } 49,603.17$

Subscription fee =  $50,000 - 49,603.17 = \text{RMB } 396.83$

Units of subscription =  $49,603.17 / 1.05 = 47,241.11$

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 47,241.11 Class A Fund Units.

Example 2: An Investor makes an investment of RMB 50,000 in the subscription of Class C Fund Units. Suppose that the Net Asset Value per Unit of the Fund on the day of subscription is RMB 1.05, the subscription Units he/she will get are as follows:

Net subscription amount =  $50,000 / (1 + 0\%) = \text{RMB } 50,000$

Subscription fee =  $50,000 - 50,000 = \text{RMB } 0$

Units of subscription =  $50,000 / 1.05 = 47,619.05$

i.e. An Investor makes an investment of RMB 50,000 in the subscription of Class C 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 47,619.05 Class C Fund Units.

Example 3: 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 0.8%, and the Net Asset Value per Unit of the Fund on the day of subscription is RMB 1.05, the subscription Units he/she will get are as follows:

$$\text{Net subscription amount} = 50,000 / (1 + 0.8\%) = \text{RMB } 49,603.17$$

$$\text{Subscription fee} = 50,000 - 49,603.17 = \text{RMB } 396.83$$

$$\text{Units of subscription} = 49,603.17 / 1.05 = 47,241.11$$

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 47,241.11 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 × Net Asset Value per Unit of such class of the Fund on the day of redemption

$$\text{Redemption fee} = \text{total redemption amount} \times \text{redemption fee rate}$$

$$\text{Net redemption fee} = \text{total redemption amount} - \text{redemption fee}$$

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

Example 1: An Investor redeems 10,000 Class A Fund Units with a redemption rate of 0.1%. 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:

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

$$\text{Redemption fee} = 11,480 \times 0.1\% = \text{RMB } 11.48$$

$$\text{Net redemption amount} = 11,480 - 11.48 = \text{RMB } 11,468.52$$

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 11,468.52.

Example 2: An Investor redeems 10,000 Class C Fund Units. Supposing that the holding period is longer than 30 days and accordingly the redemption rate would be 0% and 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:

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

$$\text{Redemption fee} = 11,480 \times 0\% = \text{RMB } 0$$

$$\text{Net redemption amount} = 11,480 - 0 = \text{RMB } 11,480.00$$

i.e. The Investor redeems 10,000 Class C Fund Units. Suppose that the Net Asset Value per Unit of the Class C Fund on the day of redemption is RMB 1.148 and the time of holding is longer than 30 days, the net redemption amount he/she will get is RMB 11,480.00.

Example 3: An Investor redeems 10,000 Class H Fund Units. Supposing 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:

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

$$\text{Redemption fee} = 11,480 \times 0.025\% = \text{RMB } 2.87$$

$$\text{Net redemption amount} = 11,480 - 2.87 = \text{RMB } 11,477.13$$

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 11,477.13.

### 3. Calculation of the 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**

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).

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.

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.

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 or Class C 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 abovementioned 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, make an announcement on Designated Media in accordance with the requirements under the Measures for Information Disclosure; and at the same time notify Fund Unitholders to state the relevant handling methods through mail, fax or other methods specified in the Prospectus.

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 Solutions**

The Fund Manager shall not reject or suspend all or part of the application 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) 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 situations which may lead to suspension of Subscription as specified in the laws and regulations or by the CSRC;
- (6) 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;
- (7) The Fund Manager believes that the acceptance of a particular Subscription application will harm interests of the existing Fund Unitholders.

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.

When the circumstances leading to the suspension has changed, the Fund Manager should resume handling subscription applications, and 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 immediately make a filing with the CSRC and the HKSF 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 related 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 in accordance with the requirements under the Measures for Information Disclosure.

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**

Fund switching business for the Class H Units of the Fund has not been provided for the time being. The Fund Manager may provide switching business between Class H Fund Units and other Funds, for which Fund switching business is available, managed by the Fund Manager in accordance with related provisions 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 PAC for the Investor, detailed rules shall be confirmed by then through the released announcement or the updated prospectus by the Fund Manager.

## **IX. Fund Investment**

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

Through a pro-active management of bond portfolio, to obtain investment return higher than comparative benchmark for its investors whilst maintaining a stable growth of the Fund assets.

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

The investment scope of the Fund includes financial instruments with good liquidity, (including government bonds, financial bonds, central bank bills, corporate bonds, enterprise bonds, subordinated bonds, convertible bonds, short-term financing bonds, asset-backed securities, bond repurchases, etc), stocks (including stocks listed on the Small and Medium Enterprise board of the Shenzhen Stock Exchange, ChiNext of the Shenzhen Stock Exchange, depositary receipts and other stocks approved by CSRC for listing), warrants and other financial instruments approved by the laws and regulations or the CSRC for investment by the Fund (subject to relevant provisions of the CSRC).

The Fund may involve in the subscription of the new shares in primary listing market or secondary public offering, and may invest in stocks or warrants in the secondary 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.

The asset allocation of the Fund's portfolio is as follows: bond assets shall account no less than 80% of the Fund's assets and equities shall account for no more than 20% of the Fund's assets; cash or short-term government bonds which have maturity of less than one year shall account for at least 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.

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

The Fund shall invest mainly in fixed income investment category with high interest, and on the basis of stable income provided from the fixed income assets, pertinently invest in stocks issued by listed companies with solid prospects of profitability, to achieve stable interest income, dividends income and sustainable capital appreciation.

### **(IV) Investment Strategy**

The Fund shall determine its bonds investment portfolio with a "top-down" approach and shall, and select individual bonds with a "bottom-up" approach. Meanwhile, on the basis of stable income provided from the fixed income assets, the Fund will make a pertinent level of investment in stocks. The stocks investments shall be supplementary and ancillary to bonds investments of the Fund, and the security of the Fund shall be the most important concern. The manager of the Fund strives to make comprehensive use of research teams on fixed income, stocks and financial derivatives, through professionalized division of labour in specialising research areas of research, to establish analysis on long-term basic factors, to conduct in-depth analysis from a perspective focusing on interest rate and credit standing, hence to develop investment strategy and optimize portfolio and to create sustainable and above-benchmark investment returns.

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

The Fund shall, in accordance with the Fund Contract, implement stable overall asset allocation, analyze trends of macroeconomic development based on all significant economic indicators, identify current economic cycle, and thus make scientific prediction on future development. On this basis, the Fund shall take into account analysis on liquidity and cash flow and, based on valuation of the stock market, information on bond yields as well as risk analysis, implement flexible allocation of major categories of assets and thus dynamic allocation of assets with fixed income and equity assets, so as to determine optimum allocation



proportion of assets and corresponding risks.

Specifically, procedures for asset allocation of the Fund are as follows:

- (1) Analyzing trends of macroeconomic development based on all significant economic indicators and identifying current economic cycle;
- (2) Conducting analysis on liquidity and cash flow and identifying mid- and short-term trends of market changes;
- (3) Conducting valuation of the stock market and bond market, carrying out risk analysis, and assess valuation advantages of different markets;
- (4) Conducting mock investment based on risk and returns of different adjustment plans and determining the final asset allocation plan.

## **2. Bond Investment Strategy**

### **(1) Bond investment portfolio strategy**

Based on comprehensive analysis on macro economy and monetary policies, the Fund adopts an investment strategy combining duration management and credit risk management.

For the structure and adjustment of bonds portfolio, the Fund comprehensively uses portfolio management measures like duration adjustment, yield curve deformation monitoring, credit spread and credit risk management and buyback arbitrage in daily management.

#### **1) Duration Adjustment**

The Fund identifies the trends of future interest rate based on analysis on macro economy and policies, and thus determines the overall duration and adjustment scope of portfolio.

#### **2) Prediction on Yield Curve Deformation**

Deformation of yield curve will exert direct influence on collocation of long-, mid- and short-term bonds of the Fund's portfolio. The Fund shall take into

account the prediction on yield curve deformation, timely adopt bullet, barbell or trapezoid strategy portfolio and cause dynamic adjustment.

### 3) Credit Spread and Credit Risk Management

The strategy for allocation of different types of bond assets of Fund assets shall be dependent on the credit spread management strategy. The Fund shall take into account the spread changes of bonds of different credit ratings in different period in the market as well as the changes of yield curve while adjusting the allocation proportion of corporate bonds, enterprise bonds, financial bonds and government bonds.

The Fund shall also comprehensively analyze the changes of yield and default rate of corporate bonds or short-term commercial paper of different industries and individual enterprises, so as to determine the investment proportion of corporate bonds or short-term commercial paper of different industries.

### 4) Buyback Arbitrage

The Fund shall apply various kinds of buyback arbitrage strategies in an appropriate manner, so as to increase the yield of static portfolio. Relevant measures include arbitrage operations with relatively low risks via inter-market arbitrage, buyback arbitrage and existing bonds as well as arbitrage between repurchase of different periods.

### (2) Individual Bond Selection Strategy

When selecting individual bonds, the Fund makes a comprehensive use of interest rate anticipation, yield curve valuation, credit risk analysis, implied option valuation, liquidity assessment and other methods to evaluate the investment value of individual bonds.

The Fund shall focus on bonds with one or more characteristics of the following:

- 1) Bonds in conformity with the scope of duration setting;
- 2) Bonds issued by enterprises with satisfactory credit information and future credit rating that tends to be stable or largely improved;
- 3) Bonds with higher interest on the premise credit rating and other

factors are basically the same;

- 4) Bonds with underestimated market trading price upon valuation based on yield curve model or other relevant valuation model on the premise that the remaining time, credit rating and other factors are basically the same;
- 5) Convertible bonds under certain downside protection with satisfactory fundamentals of company, promising place and potential of growth, and reasonable premium rate of conversion and investment;
- 6) Asset-backed securities with high expected risk-returns compensation and high liquidity under reasonable valuation model.

(3) Convertible Bonds Investment Strategy

Convertible bonds have the characteristics of both equity bonds securities and fixed-income securities and feature avoiding downside risks and sharing returns on increase in stock price. The Fund shall invest in convertible bonds with satisfactory fundamentals of company and relatively greater potential for growth of corresponding basic bonds, adopt quantitative valuation tools such as option pricing model to assess investment value thereof, and subscribe and hold at a reasonable price.

### **3. Stock Investment Strategy**

The Fund is available for investment in stocks including IPO in the first-tier market, stocks from conversion of convertible bonds and stocks in the second-tier market.

(1) New Shares Subscription Strategy

The Fund shall analyze the fundamentals of listed companies in connection with IPOs and SPOs, estimate the reasonable price for trading of listed IPO shares based on general pricing in the stock market, and develop strategies for new shares subscription with reference to the demand-supply relation of capital in the first-tier market. The Fund shall make decision on continuing to hold or selling out of stocks acquired via new shares subscription based on the level of market price thereof with reference to reasonable intrinsic value.

(2) Strategy for Stock Investment in the Second-tier Market

The Fund may be involved in stock investment in the second-tier market in an

appropriate manner for the purpose of increasing returns of Fund assets. Stock investment of the Fund shall focus on "bonus stocks" featuring continuous bonus, which in general refer to listed companies with satisfactory bonus policies and intention and satisfactory sustainable competence in profits and bonus.

Individual stocks shall be carefully selected for the Fund in a "bottom-up" manner. Listed companies whose cash bonus and cash dividend rate (after tax) exceed 0 for two consecutive years shall be selected for potential selection. On this basis, with regard to stocks so selected, the Fund shall conduct comprehensive inspection on such fundamentals of listed companies as competition patterns of industry, business development pattern, profit growth mode and corporate governance structure, conduct analysis and comparison on investment of companies via comprehensive use of such valuation methods as price/earnings ratio (P/E), price/book value ratio (P/B) and discounted cash flow (DCF), and find out listed companies with mid- and long-term sustainable growth or periodic high-speed growth as well as relatively low level of stock valuation for core stock reserve of the Fund.

(3) 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.

#### **4. Investment Strategy for Asset-backed Securities**

Pricing of asset-backed securities including asset-backed securities (ABS) and mortgage-backed securities (MBS) would be influenced by various factors such as market interest rate, issuing provisions, constitution and quality of backed securities as well as early repayment rate. The Fund shall conduct in-depth analysis on the above-mentioned fundamentals, make use of quantitative pricing models and assess intrinsic value thereof, and subscribe and hold at a reasonable price.

#### **5. Warrant Investment Strategy**

Based on the analysis of warrant's market value, the Fund's warrant investment

aims to generate stable current yield via asset allocation and selection of variety and generic types. The investment will be equipped with warrant pricing model, making use of active scientific management, and taking full consideration of profitability, liquidity and risk of the warrant assets.

## **(V) Investment Restrictions**

### **1. Prohibited Acts**

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.
- (9) If the above restriction provisions are cancelled by the laws and regulations or the regulatory authorities, the Fund Manager will not be restricted by those provisions after performing the appropriate procedures. .

## **2. Investment Portfolio Restrictions**

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

- (1) The investment in bond-type assets by the Fund shall be no less than 80% of the Fund assets;
- (2) Any individual stock invested in by the Fund shall not exceed 10% of the Net Asset Value of the Fund;
- (3) The investment in equities-type assets by the Fund shall be no less than 20% of the Fund assets;
- (4) The market value of the shares of a listed company held by the Fund shall not exceed 10% of the Net Asset Value of the Fund;
- (5) The market value of all the warrants held by the Fund shall not exceed 3% of the Net Asset Value of the Fund; Any new provisions are specified by the laws and regulations or the CSRC which specify on the investment proportion on warrants by the fund shall prevail;
- (6) The same warrant held by all the funds that are managed by the Fund Manager shall not exceed 10% of that warrant;
- (7) On any trading day, the total purchase amount of warrants shall not exceed 0.5% of the Net Asset Value of the Fund on the previous trading day;
- (8) The ratio of the number of the same asset-backed securities (having the same credit rating) held by the Fund shall not exceed 10% of the Net Asset Value of the Fund, and the investment by the Fund in all types of asset-backed securities of the same originator shall not exceed 10% of the Net Asset Value of the Fund; the market value of all the asset-backed securities held by the Fund shall not exceed 20% of the Net Asset Value of the Fund; the investments by all the funds managed by the Fund Manager in all types of asset-backed securities of the same originator shall not exceed 10% of the total size of all those types of asset-backed securities;
- (9) The Fund shall invest in asset-backed securities with a credit rating of BBB or above. When the Fund holds any asset-backed securities, if their credit ratings decline and no longer meet the investment criteria, they

shall be all sold out within 3 months of the issuance date of the rating report;

- (10) The amount of capitals involved in bond repurchase transactions in the national interbank market shall not exceed 40% of the Net Asset Value of the Fund;
- (11) The amount of cash or government bonds with maturity of less than a year shall account for at least 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.;
- (12) The amount of Fund assets used to apply for Subscription of shares issued shall not exceed the total assets of the Fund and the number of shares for which the Fund applies shall not exceed the total number of shares issued this time by the company intending to issue the shares;
- (13) 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;
- (14) 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;
- (15) 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;
- (16) 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;

- (17) Other investment restrictions as stipulated in regulations of the CSRC and the People's Bank of China.

The Fund Manager shall, within six months from the date on which the Fund Contract takes effect, ensure that the holding limits in the investment portfolio of the Fund comply with the stipulations in the Fund Contract. Except for the abovementioned items (9), (11), (14) and (15), if any factors (other than fault of the Fund Manager), such as fluctuation of stock market, merger of listed companies, change in fund size, which leads to the investment proportion of the Fund to become incompliant with the investment proportion required above, the Fund Manager shall make relevant adjustment within 10 trading days.

If the aforesaid restriction is revoked by laws and regulations or regulatory authorities, the Fund's investments shall no longer be subject to such restrictions.

If other provisions are stipulated by the laws and regulations, those provisions shall be complied with.

## **(VI) Performance Comparable Benchmark**

The comparable benchmark to measure the performance of the Fund = 90% × yield of general index of China's bonds + 10% × yield of CSI bonus index.

The Fund is a bond securities investment fund and shall invest in financial instruments of high liquidity, which include domestic stocks, bonds, warrants and other financial instruments for Fund investment approved by the laws and regulations or the CSRC. The proportion of assets invested in bonds shall be no less than 80% of Fund assets and, with regard to practical investment operation, such proportion is around 90%, so the Fund shall adopt the weight of 90% for measuring bond investment performance of composite benchmark of performance while accordingly 10% shall be adopted for the weight of performance of equity investment.

The General Index of China's Bonds refers to the bond index issued by the China



Government Securities Depository Trust & Clearing Co., Ltd. (CDC) on December 31, 2001. Such index reflects the trends of Chinese bond market and as well serves as an effective tool for performance evaluation of bond portfolio investment management. The General Index of China's Bonds provides a great basis for acquiring information on general level, volatility and trends of changes of market price, estimating return rate of bond investment and identifying demand-supply changes of bonds. Therefore, such index is adopted for benchmark of performance of the Fund's bond investment.

The CSI is based on samples of 100 stocks with high cash dividend rate and stable bonus and of certain scale and liquidity listed at the Shanghai Stock Exchange and the Shenzhen Stock Exchange, reflecting the overall information and trends of stocks with huge bonus in the A-share market. Therefore, such index is adopted for benchmark of performance of the Fund's equity investment.

Should there be any changes to the laws and regulations or more authoritative benchmark that is more generally accepted in the market, or in the event of occurrence of stock index that is more applicable to the benchmark of the Fund, the Fund Manager and the Fund Custodian, upon negotiation, shall file with the CSRC, change the benchmark of performance of the Fund and make an announcement in a timely manner.

## **(VII) Risks and Returns Characteristics**

The Fund is a bond fund with a lower long-term average risk and expected yield than that of equity fund and mixed funds, but higher than that of money market funds.

## **(VIII) System of and Procedures for Investment Decision-making**

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

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

The investment decision-making commission is the supreme decision-making body of operation of Fund assets and 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 Company; 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 trading department executes the instructions from fund managers, conducts daily trade of Fund assets and makes timely feedbacks.

## 2. Investment Procedures

The Fund adopts a team investment management system under the investment decision-making commission.

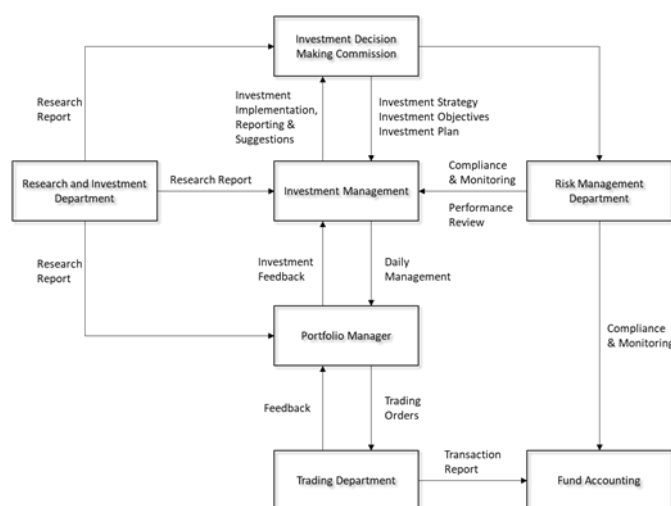


Diagram of investment management procedures

### (1) Research and Analysis

The research and investment departments of the Fund Manager shall comprehensively refer to and make use of external research results, acquire knowledge of national macro monetary and financial policies, monitor the trends of capital interest rate and credit risk of bond issuers and establish relevant research models. The research department of the Fund Manager shall prepare macro strategies report, interest rate monitoring report, bond issuer credit research report as well as investment value analysis report of listed companies to be invested in, all of which shall be the significant basis for investment decision-making.

The research and investment departments of the Fund Manager shall regularly or irregularly hold joint meetings on investment and analysis to discuss about relevant issues such as the macroeconomic environment, trends of interest rate, changes of credit rating of bond issuers as well as information of listed companies to be invested in, which shall be the basis for investment decision-making.

## **(2) Investment Decision-making**

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 principles and asset allocation proportion of the Fund, and approve the overall investment plan and material investment matters.

The fund manager shall refer to the overall investment plan determined by the investment decision-making commission in relation to investment objects, investment structure, position ratio range and other matters, take into account the investment suggestions raised by researchers, its own research and analysis as well as information on subscription and redemption of the Fund and overall market condition, and establish and optimize investment portfolios. Any investment out of the scope of authority shall be submitted to leaders in charge of investment or the investment decision-making commission for discussion in accordance with procedures for authority approval of the company.

### **(3) Implementation of Trading**

The trading department receives the trading instruction from the fund manager. Upon receipt of instruction, the trading department shall first review such instruction and then cause specific implementation. In case of any unspecific, non-standardized or incompliant trading instruction issued by the fund manager, the trading department may leave such instruction for the moment, and shall inform the fund manager or relevant personnel in a timely manner.

The trading department shall at any time report to the fund manager information on implementation of trading instructions and judgment and suggestions on such trading based on market situations for the Fund manager's timely adjustment to trading strategies.

### **(4) Investment Review**

The performance evaluation group shall regularly evaluate the performance of the Fund. The fund manager shall report to the investment decision-making commission information on previous investment operation on a regular basis and put forward operation ideas for the next period for the investment decision-making commission's reference in decision-making.

## **(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) Securities Finance of the Fund

Margin trading and securities lending of the Fund may be conducted in accordance with the currently applicable and relevant laws and regulations and policies.

## (XI) 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, China CITIC Bank, the Fund Custodian, reviewed the financial indexes, net value performance and portfolio reports of the Report on October 23, 2020 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, 2020. The data has yet to be audited.

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

Serial Number	Project	Amount (RMB)	Proportion in the Total Fund Asset (%)
1	Equity Investment	55,088,872.06	13.47
	Specifically: Stock	55,088,872.06	13.47
2	Fund Investments	-	-
3	Fixed Income Investment	333,629,801.36	81.55
	Specifically: Bond	333,629,801.36	81.55
	Asset-backed	-	-

	Securities		
4	Investment in Precious Metals	-	-
5	Investment in Financial Derivatives	-	-
6	Buying Back the Sale of Financial Assets	-	-
	Specifically: Financial assets bought back for sale of buyout re-subscribe	-	-
7	Bank Deposit and Settlement Provisions	8,973,736.45	2.19
8	Other Assets	11,411,470.15	2.79
9	Total	409,103,880.02	100.00

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

2.1 Stock portfolios in the Mainland categorized by Industry at the end of the reporting period

Code	Industry Type	Fair Value (RMB)	Proportion in the Net Asset Value of the Fund (%)
A	Agriculture, Forest, Husbandry and Fishery	-	-
B	Mining	-	-
C	Manufacturing	45,245,536.06	12.38
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	-	-
H	Accommodation and Catering	-	-
I	Information Transmission, Software and Information Technology Service	-	-
J	Finance	9,843,336.00	2.69
K	Real Estate	-	-
L	Renting and Commercial Service	-	-
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	55,088,872.06	15.08

## 2.2 Stock investment portfolios in the Hong Kong Stock Connect 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	601318	PING AN OF CHINA6	59,500	4,537,470.00	1.24
2	600760	AVIC SAC	74,900	4,291,021.00	1.17
3	002460	GANFENG LITHI	74,100	4,015,479.00	1.10
4	300661	SG Micro	12,200	3,652,070.00	1.00
5	601336	NCI	57,300	3,557,184.00	0.97
6	300122	ZHIFEI-BIOL	24,100	3,357,371.00	0.92
7	603501	Willsemi	16,900	2,997,553.00	0.82
8	603035	Changshu Auto	207,253	2,739,884.66	0.75
9	002463	WUS	143,400	2,694,486.00	0.74
10	600316	HDAA	71,200	2,670,712.00	0.73

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

No	Types of Bonds	Fair Value (RMB)	Proportion in Net Asset Value of the Fund (%)
1	Treasury Bonds	7,690,302.00	2.10
2	Central Bank Bills	-	-
3	Financial Bonds	19,814,000.00	5.42



	Among them: Policy-oriented Financial Bonds	19,814,000.00	5.42
4	Enterprise Bonds	145,992,421.20	39.96
5	Short-term Financing Bills of Enterprises	-	-
6	Medium-term Notes	131,188,000.00	35.91
7	Convertible Bonds	28,945,078.16	7.92
8	Negotiable Certificates of Deposit	-	-
9	Others	-	-
10	Total	333,629,801.36	91.32

5. Particulars of top 5 bond investment concerning the proportion of fair value stocks in the Net Asset Value of the Fund at the end of the reporting period

No.	Bond Code	Bond Name	Number	Fair Value (RMB)	Proportion in the Net Asset Value of the Fund (%)
1	122316	14GanYue01	295,010	30,126,421.20	8.25
2	101675010	16WenTau MTN001	300,000	28,035,000.00	7.67
3	155085	18ZiGuang04	300,000	22,332,000.00	6.11
4	1980002	19JingCheng KaiTouZhai	200,000	21,248,000.00	5.82
5	101900259	19SuKeJiCheng MTN001	200,000	20,932,000.00	5.73

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

Nil.

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

Nil.

8. Particulars of top 5 warrant investment concerning the proportion of fair value stocks in the Net Asset Value of the Fund at the end of the reporting period

Nil

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

9.1 Particulars of position and profit and loss details of stocks index futures invested by the Fund at the end of the reporting period

Nil

9.2 Investment policy on stocks index futures of this period

Nil

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

10.1 Investment policy on treasury bond futures of this period

Nil

10.2 Particulars of position and profit and loss details of national debt futures invested by the Fund at the end of the reporting period

Nil

10.3 Assessment on investment in treasury bond futures in this period

Nil

11. Notes of the Portfolio Report

11.1 According to the particulars of the issuance subjects of the top 10 securities invested by the Fund concerning the proportion of fair value stocks in the Net Asset Value of the Fund at the end of the reporting period, Tsinghua Unigroup issued an announcement on June 18, 2020, Tsinghua Unigroup and the company's chairman Mr. Zhao Weiguo have received the

"Administrative Penalty Decision" ([2020] No. 5) issued by the Shandong Regulatory Bureau of the CSRC. From 25 February, 2016 to 28 June, 2017, when the total shareholding of Tsinghua Group and the person acting in concert Beijing Jiankun Investment Group Co., Ltd. has reached 5% of the total issued shares of Shandong Jintai Group, Tsinghua Unigroup has failed to report to the CSRC and the stock exchange within three days of the date of the incident. It has also failed to notify Shandong Jintai Group to make an announcement and did not stop trading the shares of Shandong Jintai Group. Tsinghua Unigroup was ordered to make corrections and was issued a warning and punished with a fine of RMB 300,000; Zhao Weiguo, the person in charge who was directly responsible was given a warning and was fined RMB 300,000.

11.2 There is no stock beyond the investment scope specified in the Fund Contract in the top 10 stocks invested by the Fund.

### 11.3 Other Asset Composition

Serial Number	Name	Amount (RMB)
1	Refundable Deposits	362,140.32
2	Receivables from Securities Liquidation	3,375,656.94
3	Receivable Dividend	-
4	Receivable Interest	7,672,455.82
5	Receivables from Subscriptions	1,217.07
6	Other Receivables	-
7	Deferred Expenses	-
8	Others	-
9	Total	11,411,470.15

10.4 Particulars of the convertible bonds at the stage of conversion held at the end of the reporting period

Serial Number	Bond Code	Bond Name	Fair Value (RMB)	Proportion in the Net Asset
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				Value of the Fund (%)
1	110067	Huaan Convertible Bond	3,706,800.00	1.01
2	113013	Guojun Convertible Bond	3,059,250.00	0.84
3	123035	Lide Convertible Bond	2,832,187.36	0.78
4	110066	Shengtun Convertible Bond	2,553,595.10	0.70
5	128064	Sier Convertible Bond	2,157,123.60	0.59
6	123033	Jinli Convertible Bond	1,713,150.00	0.47
7	123017	Harui Convertible Bond	1,303,945.00	0.36
8	110055	Yili Convertible Bond	880,507.10	0.24
9	123044	Hongxiang Convertible Bond	707,500.00	0.19

10.5 Analysis of the restriction on circulation in the top 10 stocks at the end of the reporting period

Nil.

## 10.6 Notes of the Portfolio Report

Due to rounding, some totals may not correspond with the sum of the separate

## X. Performance of the Fund

Performance of the Fund is as at September 30, 2020.

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. Class A Fund Units of CCB Principal Dual Income Bond Fund

Stage	Rate of Return of Net Fund Returns ①	Standard Deviation of Rate of Return of Net Fund Returns ②	Rate of Return of Benchmark ③	Standard Deviation of Rate of Return of Benchmark ④	①—③	②—④
December 13, 2011 to December 31, 2011	0.10%	0.03%	-0.16%	0.12%	0.26%	-0.09%
January 1, 2012 to December 31, 2012	5.19%	0.21%	3.13%	0.13%	2.06%	0.08%
January 1, 2013 to December 31, 2013	4.90%	0.25%	-2.71%	0.18%	7.61%	0.07%
January 1, 2014 to December 31, 2014	28.90%	0.34%	14.90%	0.18%	14.00%	0.16%
January 1, 2015 to December 31,	24.08%	0.43%	10.64%	0.28%	13.44%	0.15%

2015						
January 1, 2016 to December 31, 2016	-0.18%	0.23%	0.59%	0.19%	-0.77%	0.04%
January 1, 2017 to December 31, 2017	-0.56%	0.16%	0.58%	0.10%	-1.14%	0.06%
January 1, 2018 to December 31, 2018	-0.99%	0.26%	6.51%	0.14%	-7.50%	0.12%
January 1, 2019 to December 31, 2019	7.56%	0.15%	5.60%	0.11%	1.96%	0.04%
January 1, 2020 to September 30, 2020	2.30%	0.43%	1.39%	0.16%	0.91%	0.27%
Effective Date of Fund Contract to September 30, 2020	91.04%	0.29%	46.93%	0.17%	44.11%	0.12%

## Class C Fund Units of the CCB Principal Dual Income Bond Fund

Stage	Growth Rate of Net Asset Value ①	Standard Deviation of Growth Rate of Net Asset Value ②	Rate of Return of Benchmark ③	Standard Deviation of Rate of Return of Benchmark ④	①—③	②—④
September 01, 2014 to December 31, 2014	15.60%	0.55%	7.84%	0.23%	7.76%	0.32%
January 1, 2015 to December 31, 2015	23.85%	0.43%	10.64%	0.28%	13.21%	0.15%
January 1, 2016 to December 31, 2016	0.46%	0.23%	0.59%	0.19%	0.77%	0.04%
January 1, 2017 to December 31, 2017	0.85%	0.17%	0.58%	0.10%	1.43%	0.07%
January 1, 2018 to 31 December,	-1.31%	0.26%	6.51%	0.14%	-7.82%	0.12%

2018						
January 1, 2019 to December 31, 2019	7.10%	0.15%	5.60%	0.11%	1.50%	0.04%
January 1, 2020 to September 30, 2020	2.11%	0.43%	1.39%	0.16%	0.72%	0.27%
Effective Date of Fund Contract to September 30, 2020	52.52%	0.31%	37.67%	0.18%	14.85%	0.13%

## Class H Fund Units of the CCB Principal Dual Income Bond Fund

Stage	Growth Rate of Net Asset Value ①	Standard Deviation of Growth Rate of Net Asset Value ②	Rate of Return of Benchmark ③	Standard Deviation of Rate of Return of Benchmark ④	①—③	②—④
Since the Fund Contract comes into effect to December 31, 2016	1.45%	0.18%	1.11%	0.17%	0.34%	0.01%
January 1, 2017 to December 31, 2017	-0.56%	0.16%	0.58%	0.10%	-1.14%	0.06%
January 1, 2018 to December 31, 2018	-0.90%	0.27%	6.51%	0.14%	-7.41%	0.13%
January 1, 2019 to December 31, 2019	7.46%	0.14%	5.60%	0.11%	1.86%	0.03%
January 1, 2020 to September 30, 2020	2.41%	0.43%	1.39%	0.16%	1.02%	0.27%
Effective Date of Fund Contract to September 30, 2020	10.02%	0.25%	15.98%	0.13%	-5.96%	0.12%

## **XI. Property of the Fund**

### **(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 deposit and its accrued interest;
2. Settlement reserves and its accrued interest;
3. Margin deposited in accordance with relevant rules and its accrued interest;
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) Account 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 is 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 Targets**

All assets and liabilities held by the Fund, including bonds, stocks, warrant and the principal and interests of bank deposits.

### **(IV) Valuation Procedures**

Upon completion of valuation, the Fund Manager will, in a method which is acceptable to both parties, send the valuation result to the Fund Custodian, who will review the valuation method, duration and procedure as stipulated in the laws and regulations as well as the Fund Contract, and, if no error is found, return the valuation result to the Fund Manager in a method which is acceptable to both parties.

### **(V) Valuation Methods**

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.) 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 the valuation date and no major change to the economic environment since the latest trading day, bonds 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 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. 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 categories as well as material changing factors so as to adjust the latest trading market price and decide the fair value;
- (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.

2. Unlisted Marketable Securities will be addressed depending on the

following conditions:

- (1) Bonus shares, transferred shares, rationed shares and SPO 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, shares will be valued at the market price (closing price) on the latest trading day;
  - (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. The valuation is subject to the compulsory requirements of relevant the 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 information of the Fund while the Fund Custodian should review and check the Net Asset 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 information of the Fund will be announced.

#### **(VI) Confirmation of the Net Asset Value per Unit of the Fund and Handling with Valuation Mistakes**

Net Asset Value per Unit of the Fund is rounded to three 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.
- (4) 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**

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 Fund Income**

Under the Fund Contract, Fund profits, namely Fund income, refer to the balance of the Fund's interest income, investment return, gain from change in fair value, and other income of the Fund after deduction of relevant fees; The Fund's realized income refers to the balance of the Fund's profit after deducting gain from change in fair value.

### **(II) Distributable Profits of the Fund**

Distributable profits of the Fund refer to lower of the undistributed profit and the realized income in the undistributed profit as at the base date of income distribution.

### **(III) Principles of Income Distribution**

The distribution of Fund income shall adhere to the following rules:

1. At the end of each season, if the distributable profit of each Fund Unit of the Fund exceeds RMB 0.05, the Fund Manager shall, within the first 15 working days of the following season, put forward a distribution plan.
2. On the premise that it meets the requirements of dividends distribution of the Fund, the income shall be distributed no more than six times a year, the annual distribution ratio shall not be less than 30% 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;
3. 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. The Fund Unitholders of Class A Fund Units and Class C Fund Units shall choose different distribution method. If the Investor chooses the method of re-investment of cash dividends, the Registrar shall convert the cash bonus of the Unitholder into Fund Units of the same class

by using the ex-rights Net Asset Value per Unit, and subscription fees shall be excluded in the re-investment of dividends. 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 Fund Prospectus for the income distribution methods of Class H Fund Units.

4. After the distribution, the Net Asset Value per Unit of the Fund should not be lower than its denomination, i.e. after deducting the amount of the distributed income of each Fund Unit, the net value of a Fund Unit on the base date of income distribution shall not be lower than its denomination.
5. Sales service fee shall not be collected for Class A and Class H Fund Units of the Fund, whereas sales service fee shall be collected for Class C Fund Units. Each class of Fund Unit shall have its respective different distributable income; Each Fund Unit of the same Fund Unit Type shall have the same right to receive a distribution.
6. If there are any other stipulations under the laws and regulations or regulator, then such stipulations shall prevail.

#### **(IV) Income Distribution Scheme**

Fund income distribution scheme shall include the base date of income distribution, the distributable profit as of the base date of income distribution, objects of Fund income distribution, principles of distribution, dates of distribution, amount and ratio of distribution, methods of distribution, terms of payment, etc.

#### **(V) Confirmation, Announcement and Implementation of 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.

The period between dividends distribution date of the Fund and the base date of income distribution (i.e. the cut-off date for the calculation of distributable profits) shall not exceed 15 Working Days.

**(VI) Expenses incurred in Income Distribution**

1. If the method of dividend reinvestment is adopted for incomes distribution, charges on reinvestment shall be exempted.
2. 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.

## **XIV. Fund Expenses and Taxes**

### **(1) Types of Fund Fees**

1. Management Fee of the Fund Manager;
2. Custodian fee of the Fund Custodian;
3. Sales Service fee
4. Expenses of Bank remittance
5. Fund information disclosure fee after the coming into effect of the Fund Contract;
6. Expenses for general meeting of Fund Unitholders;
7. Fund-related accounting fees and counsel fees after the coming into effect of the Fund Contract;
8. Securities trading expenses of the Fund;
9. Other expenses that can be reimbursed from Fund assets in accordance with relevant laws and regulations and the Fund Contract.

The above-mentioned fees shall be determined by the Fund Manager by the laws with reference to fair market price or in accordance with provisions otherwise stipulated by the laws and regulations.

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.

### **(II) Standards or Methods for Provision of Fund Fees**

1. Management Fee of the Fund Manager

The Fund management fee should be drawn as 0.70% per annum of the Net Asset Value of the Fund on the preceding day. The calculation is as follows:

$$H = E \times 0.70\% \div \text{number of days of the year}$$

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 drawn 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 management fee, and the Fund Custodian shall review and pay the Fund Manager a lump-sum payment from the Fund assets within first three 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 0.20% per annum of the Net Asset Value of the Fund on the preceding day. The calculation is as follows:

$$H = E \times 0.20\% \div \text{number of days of the year}$$

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 three working days of the following month. In case of statutory holidays or rest days, the payment shall be postponed accordingly.

## 3. Sales Service Fee

Sales service fee shall not be collected for Class A Fund Units and Class H Fund Units of the Fund, and the annual sales service fee rate for Class C Fund Units shall be 0.35%, which may be lowered by the Fund Manager in accordance with the Fund Contract. The sales service fee shall be specifically used for payments for sales of Class C Fund Units of CCB Principal Dual Income Bond Fund and service of Class C Fund Unitholders, and the Fund Manager shall specifically illustrate the disbursement of such fee in annual reports of the Fund.

The calculation is as follows:

$$H = E \times \text{annual rate of sales service fee} \div \text{number of days of the year}$$

H for the sales service fee of Class C Fund Units accrued every day

E for Net Asset Value of Class C Fund Units on the preceding day

The Fund sales service fee is accrued every day and paid on a monthly basis. The Fund Manager should send the instruction to the Fund Custodian to transfer the sales service fee, and the Fund Custodian shall review and pay the Fund Manager a lump-sum payment from the Fund assets within first three working days of the following month. In case of statutory holidays or rest days, the payment shall be postponed accordingly

#### **4. Items not included in Fund Fees**

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.

#### **(III) Fee Adjustment**

The Fund Manager and the Fund Custodian may, upon negotiation, adjust the rates of the Fund management fee, the Fund custodian fee and Fund sales services fee depending on development of the Fund.

A general meeting of Fund Unitholders shall be convened for the increase of rates of Fund management fee, Fund custodian fee or Fund sales services fee; whereas no general meeting of Fund Unitholders is required for the reduction of Fund management fee, Fund custodian fee or Fund sales services fee.

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 new rates.

#### **(IV) Taxation of the Fund**

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 come into effect for less than two months, that fiscal period may be included 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 business 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, as well as to file the case with the CSRC 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.



## **XVI. Information Disclosure of the Fund**

1. Information disclosure of the Fund shall comply with the Funds Law, the Operation Measures, the Measures for Information Disclosure, the Fund Contract and other relevant requirements.

2. Information Disclosure Obligators

The information disclosure obligators of the Fund include the Fund Manager, the Fund Custodian and the Unitholders who convene the Unitholders' Meeting; they are the natural persons, legal persons and unincorporated organizations as required by the laws and regulations and the CSRC.

The information disclosure obligators shall protect the interests of the Unitholders as the fundamental starting point, and 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 Fund Units that the information disclosure obligors should disclose.

3. Information on the Fund committed to be disclosed by the information disclosure obligators of the Fund shall not:

- 1) contain any false or misleading statement or major omission;
  - 2) contain any forecast of the results of securities investments;
  - 3) guarantee the profit or assume losses in violation of the regulations;
  - 4) slander other fund managers, fund custodians or sales agencies;
  - 5) contain any congratulatory, complimentary or recommending texts by any natural persons, legal persons or unincorporated organizations;
  - 6) take other actions as forbidden by the CSRC.
4. The information disclosure of the Fund shall be released in Chinese.

If other foreign texts are released at the same time, the information disclosure obligators shall ensure the consistency of both texts. In the case of inconsistency of the different versions, the Chinese text shall prevail.

The information disclosure on the Fund shall use Arabic numbers; the currency unit shall be RMB unless otherwise stated.

#### 5. Information Disclosure on the Fund

Information on the Fund disclosed to the public include:

- (1) The Prospectus, the Fund Contract, the Custodian Agreement and 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 to the largest extent disclose all matters affecting the decisions of the Investors, and explain matters such as subscription, application and redemption arrangements of the Fund, investments of the Fund, characteristics of the Fund's products, warning of the risks, information disclosure and services to the Unitholders. After the Fund Contract comes into effect, if there are material changes in the Prospectus, the Fund Manager shall within 3 Working Days update the Prospectus and publish it on the designated websites; if there are no material changes in the Prospectus, the Fund Manager shall update the Prospectus at least every year. If the Fund is terminated, the Fund Manager shall not update the Prospectus.
2. The Fund Contract is the legal document stipulating the rights and obligations of the Parties to Fund Contract, the procedures and the precise arrangement of convening the Unitholders' meetings, and explain on matters such as the characteristics of the Fund's products which implicates the material benefits of the Investors.
3. The Fund Contract is a legal document which provides for the rights and obligations of the Fund Manager and the Fund Custodian in relation to the custodian of the Fund assets and supervision of the Fund operation.
4. The Fund Product Information Summary is a summary document of the Prospectus, which is used to provide concise and accessible information about the Fund. After the Fund Contract takes effect, in the event of any material changes in the Fund Product Information Summary, the Fund Manager

shall update the Fund Product Information Summary and publish it on the Designated Websites, the websites of the Sale Institutions or website of Sales Outlets 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. The specific requirements and contents of the Fund product information summary shall be in accordance with the relevant provisions of the Prospectus. In the event that the Fund terminates, the Fund Manager shall not update the Fund product information summary.

(2) The Unit Offering Announcement

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 on the Fund Contract coming into effect

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 for Subscription and Redemption Prices of the 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) Periodic Reports of the Fund, including the Annual Report, Interim Report and Quarterly Report of the Fund

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.

The Fund Manager shall prepare and complete the quarterly reports of the Fund within 15 Business Days after the end of each quarter, and publish the text of the quarterly reports on the designated websites and publish the notification announcements of the quarterly reports on the designated newspaper.

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 Class C Units 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 a single year 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 a single year;
- (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 distribution media or circulates in the market that may have misleading influence on or result in considerable fluctuation of the Unit Price or prejudice the interest of the Unitholders, the relevant information disclosure obligors shall immediately clarify such information publicly and report such situation to the CSRC.

(9) Resolutions of the Unitholders' Meetings

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 liquidation group to conduct the liquidation and prepare the liquidation report. The liquidation group shall publish the liquidation report on the designated website and publish the announcement of the liquidation report in the designated newspaper.

(11) Any other information as required 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 of the Fund information is subject to the relevant laws and regulations as well as relevant provisions under this Section.

## **XVII. Risk Disclosure**

A securities investment fund (hereinafter referred to as a “fund”) is a long-term investment tool. Its major functions are diversifying investments and reducing the individual risk associated with investing in a single security. Funds are different from financial instruments that are expected to provide a fixed income, such as bank deposits and bonds. Investors that buy funds not only enjoy the income from fund investment according to the units they hold but also bear the potential loss arising from fund investment.

A fund may be exposed to various risks in the course of investment operation, including not only market risk but also management risk, technical risk and compliance risk of the fund itself. Massive redemption risk is a risk specific to open-end funds, which means that when the sum of the net applications for redemption of the fund on a single trading day exceeds 10% of the total fund units, investors may not be able to redeem all the fund units that they hold in a timely manner.

There are different types of funds, such as equity funds, mixed funds, bond funds and money market funds. Investors investing in different types of funds may expect different returns and take different levels of risk. In general, the higher the expectation of returns from a fund, the greater risk an investor takes.

Investors shall carefully read the legal documents of the Fund such as the Fund Contract and the Prospectus, to understand the Fund’s risk and return profile. Investors shall judge whether the Fund is suitable for their own risk tolerance level based on their own investment purposes, investment periods, investment experience and asset conditions.

Investors shall fully understand the differences between the Fund’s Regular Investment Plan and saving methods such as fixed deposits by installment. A Regular Investment Plan is a simple and easy investment method that guides an Investor to make long-term investments and equalize investment cost. However, a Regular Investment Plan cannot avoid risks inherent in Fund investment, nor

can it guarantee an Investor's returns, so it is not an alternative financial management method equivalent to savings.

The Fund Manager undertakes to manage and operate the Fund assets on the principle of being honest, trustworthy, diligent and responsible, but does not guarantee that this Fund will be profitable and does not guarantee a minimum income. The past performance of the Fund and the highs and lows of its Net Asset Value is not indicative of its future performance. The results of other funds managed by the Fund Manager are no guarantee of the performance of this Fund. The Fund Manager reminds the Investors of the "Buyer Beware" principle when investing in the Fund. After making an investment decision, an Investor shall bear his own investment risks arising from the changes in the Fund's operation conditions and the Fund's net value.

Investors shall subscribe and redeem the Fund via the Fund Manager or other agencies qualified for Fund consignment business. Please refer to the Prospectus or the Fund and the Fund Manager's website for the list of Fund Consignment Agency.

The Fund is offered at a denomination of RMB 1.00 during the initial subscription period and shall not affect the risk and return profile of the Fund. Investors who purchased the Fund Units at a denomination of RMB 1.00 may face the risks of Net Asset Value per Unit of the Fund to reduce to less than RMB 1.00 and hereby incur loss.

The key risks when investing in the Fund include:

## **(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

Policy risk refers to the risk that the Fund is exposed to as the income of the Fund is influenced by fluctuations in market prices due to changes in national macro policies such as fiscal policies, monetary policies, industry policies, regional development policies, etc.

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. Purchasing Power Risk

A proportion of Fund income will be distributed in the form of cash whereas the purchasing power of cash may be weakened due to the impact of inflation and thus result 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 actual purchasing power of Fund assets.

6. Risk in connection with Movements in Bond Yield Curves

Risk of changes of yield curve of bonds refers to risks in relation to non-parallel movement of such 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.

#### 8. Other Risks

Risks incurred by any force majeure such as war or natural disaster.

### **(II) Non-systematic Risk**

Non-systematic risk refers to specific risks of certain individual securities, including operation risk and credit risk of listed company.

#### 1. Risks in connection with Operations of Company

The operations of a company shall be affected by various factors. Poor operation of any company in relation to bonds invested by the Fund would lead to decreased distributable profits, thus resulting in risk of failure of such company to pay bond interest. Although this non-systematic risk can be mitigated through investment diversification, there is no way to eliminate the risk completely.

#### 2. Credit Risk

Credit risks refer to risks of decrease in bond price due to default or refusal to pay principal and interest due by the issuer of the bond or because of reduced credit quality of the issuer of the bond, also including bond closing risk arising from default by the counterparty of the bond.

### **(III) Risk of Fund Management**

Risks of Fund management refer to risks arising from the management of the Fund by the Fund Manager, including risk of Fund product, management risk, trading risk, operation risk and moral risk.

#### 1. Specific Risks of the Fund

The Fund is an active-type bond fund and with regards to specific investment management, the proportion of investment in bond assets (including convertible bonds) shall be no less than 80% of Fund assets, which results in systematic risks

of the bond market. The Fund may participate in new Units subscription; therefore, the Fund may face the risks of slowing down or suspension in the issuance of new Unit or risks arising from lowered yield or even loss of new Units. At the same time, market volatility due to implied option of convertible bonds available for investment and bonds available for early redemption of the Fund would not only result in changes of option value, but lead to uncertainty of future cash flow of such bonds and thus impact on investment returns of the Fund.

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.

## 2. Management Risk

During managing and operating the Fund, the 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, and fund returns might not conform with the performance

benchmark due to improper design of quantity model of the Fund or errors in implementation, thus causing management risk. Risks that may arise due to reliance on key operational staff, such as the Fund Manager.

### 3. 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 (including bonds and Money Market Instruments etc.) 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.

(4) Fund Subscription and Redemption Arrangement

Investors may specifically refer to “VI. Subscription and Redemption of Fund Units” of the Fund Contract and “VIII. Subscription, Redemption and Switching of Fund Units” of the Prospectus to learn about the Subscription and Redemption arrangements of the Fund in more details.

When there are liquidity risks, the Fund Manager may comprehensively utilize liquidity risk management instruments in reserve to reduce or address the liquidity risks faced by the Fund, Investors may face risks such as suspension or deferral of acceptance of redemption applications, deferral of payment of redemption amount, being charged for short-term redemption fees, suspension of fund valuation, adoption of swing pricing by the fund etc.. Investors should understand their own preference in

terms of liquidity and evaluate whether it matches with the liquidity risks of the Fund.

#### 4. Transaction Risk

Direct loss to interests of the Fund might be caused in case that improper setting of trading permission or business process leads to troubles to carry out trading process, thus resulting in any mistake or error in following trading instructions, or that any trading instruction is not properly followed in a timely manner due to deliberate or material faults which yet fails to be timely reported to relevant persons or departments thereafter.

#### 5. Operation Risk

Risks might be incurred because of failure to duly obey such instructions as subscription, redemption, registration and liquidation delivery because of technical faults or paralysis of the operation system, network system, computer or the trading software, or due to poor efficiency or negligence and man-made error during operation.

#### 6. Moral Risk

Risks might be caused by moral default by operational staff, such as insider trading or frauds.

## **XVIII. Modification and Termination of the Fund Contract and Liquidation of Fund Assets**

### **(I) Modification of the Fund Contract**

1. The following modifications of the Fund Contract are subject to approval by the resolutions of the general meeting of Fund Unitholders:
  - (1) Replacement of the Fund Manager;
  - (2) Replacement of the Fund Custodian;
  - (3) Change in the operation of the Fund;
  - (4) Improvement of the remuneration standards of the Fund Manager and the Fund Custodian, except to the extent such remuneration standards are improved in accordance with the laws and regulations;
  - (5) Change of the type of the Fund;
  - (6) Change of the investment objectives, scope or strategies of the Fund (unless otherwise specified by the laws and regulations or the CSRC);
  - (7) Merger of the Fund and other funds;
  - (8) Change of the procedure of convening the general meeting of Fund Unitholders;
  - (9) Termination of the Fund Contract;
  - (10) Matters that may have material impacts on the rights and obligations of the parties to the Fund; or

Nevertheless, in the following cases, even when no corresponding resolution has been made by the general meeting of Fund Unitholders, a change may be made if the Fund Manager and Fund Custodian consent to the change, make an announcement of it and have it filed with the CSRC:

- (1) Reduction of the Fund management fee or Fund custody fee;
- (2) Charging of new Fund fees as required by the laws and regulations;
- (3) Adjustment to the subscription fee rates, decrease of the redemption fee rates and decrease of the sales service fee of the Fund to the extent permitted by the laws and regulations and the Fund Contract;
- (4) Change of the Fund Contract as required by changes in relevant the laws and regulations;

- (5) Changes to the Fund Contract that will have no material adverse impact on the interests of the 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. The resolution for the amendment of the Fund Contract passed at the general meeting of Unitholders shall be submitted to the CSRC for approval or filing and shall take effect from the date on which the CSRC approved it or issued no-objection opinion and shall be announced on Designated Media in accordance with the requirements under the Measures for Information Disclosure prior to the date when the resolution comes into effect.

## **(II) 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.

## **(III) Liquidation of Fund Assets**

- 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 distribute the Fund assets.
- 5 The period of liquidation of the Fund assets shall be six months.

#### **(IV) 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.

#### **(V) Distribution of the Remaining Assets from Fund-asset liquidation**

In accordance with the distribution plan of the Fund-asset liquidation, after deducting the expenses incurred in the liquidation of Fund assets, payment of overdue taxes and clearance of liabilities of the Fund liabilities, the allocation ratio of the remaining assets between different Fund Units will be decided at the ratio of the respective net asset value per Unit of the Fund as of the termination of the Fund Contract, and the remaining assets will be allocated at the Fund Unit ratio of Fund Unitholders of different classes in the scope of the allocable remaining assets in Fund Units of each class respectively.



**(VI) Fund-asset 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 business and after a law office has issued a legal opinion. The announcement on the liquidation of assets of the Fund shall be published liquidation group shall be published by the Fund-asset liquidation group upon the termination of the Fund Contract and within five Working Days after its filing with the CSRC. 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.

**(VII) Retention of Accounting Statements and Documents for Liquidation of Fund Assets**

The account books and documents in relation to Fund assets liquidation shall be retained by the Fund Custodian for at least 15 years.

## **XIX. Summary of Fund Contract**

### **I. Rights and Obligations of the Parties to the Fund Contract**

#### **(I) Fund Manager**

##### **1. Rights of the Fund Manager:**

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.

## **2. Obligations of the Fund Manager:**

In accordance with the Fund Law, the Measures for Operation and other relevant regulations, the Fund Manager is obliged to, including but not limited to:

- (1) To offer the Fund in accordance with the law and handle or entrust other institutions recognized by the CSRC to handle the matters concerning the Offering, Subscription, Redemption and registration of the Fund Units; To report to the CSRC and other regulators and take necessary measures to secure the interests of Fund Investors if the Consignment Agency is in violation of the Fund Contract, the Fund sales service agency agreement and relevant national laws;
- (2) To process the filing procedures of the Fund;
- (3) To manage and operate the Fund assets in an honest, trustworthy, diligent and responsible manner from the Effective Date of the Fund Contract;
- (4) To employ sufficient professionals with professional qualifications to analyse and make decisions on the investment of the Fund, and manage and operate the Fund assets in a professional manner;
- (5) To establish and improve the systems such as internal risk control, supervision and auditing, financial management, personnel management, etc., guarantee that the Fund assets managed are separate from the assets of the Fund Manager; separately manage, keep separate

accounts and make separate securities investments for the different funds it manages;

- (6) Not to use the Fund assets to seek illegal benefits for itself or any third party and not to entrust any third party to operate the Fund assets, other than in accordance with the Funds Law, the Fund Contract and other relevant provisions;
- (7) To accept the supervision by the Fund Custodian in accordance with the law;
- (8) To adopt appropriate and reasonable measures such that the method of calculating the Initial Subscription, Subscription and Redemption prices of the Fund Units complies with the provisions of the legal documents such as the Fund Contract, calculate and publish the information on the net value of the Fund and determine the prices for the Subscription and Redemption of the Fund Units in accordance with the relevant provisions;
- (9) To carry out accounting and prepare financial accounting reports of the Fund;
- (10) To prepare the quarterly report, interim report and annual reports of the Fund;
- (11) To perform the information disclosure and reporting obligations in strict accordance with the Funds Law, the Fund Contract and other relevant provisions;
- (12) To keep confidential the trade secrets of the Fund and not to divulge the investment plans and investment intention of the Fund. Unless otherwise prescribed by the Funds Law, the Fund Contract and other relevant provisions, the information about the Fund shall be kept confidential and shall not be divulged to others before public disclosure;
- (13) To prepare the plan for the distribution of the Fund Income in accordance with the Fund Contract and distribute the Fund Income to the Unitholders in a timely manner;
- (14) To accept the Subscription and Redemption applications in accordance with the Laws and Regulations and the provisions of the Fund Contract, and pay redemption proceeds in full amount and in a timely manner;

- (15) To convene general meetings of Unitholders in accordance with the Funds Law, the Fund Contract and other relevant provisions or cooperate with the Fund Custodian and the Unitholders to convene general meetings of Unitholders in accordance with the law;
- (16) To establish and maintain the register of Fund Unitholders, and to provide it regularly or irregularly provide to the Fund Custodian;
- (17) 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;
- (18) 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;
- (19) To organize and participate in the fund-assets liquidation group for custody, disposal, valuation, realization and distribution of the assets of Fund;
- (20) 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;
- (21) 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;
- (22) 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;
- (23) 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;

- (24) To exercise litigation rights or perform other legal acts in the name of the Fund Manager and on behalf of Fund Unitholders;
- (25) 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;
- (26) To implement effective resolutions of the general meeting of Fund Unitholders;
- (27) Other obligations specified by the laws, regulations and the Fund Contract

## **(II) Fund Custodian**

### **1. Rights of the Fund Custodian**

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.

## **2. Obligations of the Fund Custodian:**

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, information on the net value of the Fund 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 Fund Manager in performing its responsibilities in accordance with the laws and regulations and the Fund Contract, and, 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;
- (21) To implement effective resolutions of the general meeting of Fund Unitholders;
- (22) Other obligations specified by the laws, regulations and the Fund Contract.

### **(III) Fund Unitholders**

The Fund Investors' purchasing or holding (through other lawful ways) of the Fund units shall be deemed as their acknowledgement and acceptance of the Fund Contract. A Fund Investor shall become a Unitholder and a Party to the Fund Contract from the time he receives the fund units of this Fund in accordance with the Fund Contract and the Prospectus, until he no longer holds the fund units of this Fund. It is not necessary for a Unitholder to sign the Fund Contract to become a Party to the Fund Contract.

Each Fund unit shall carry the same legitimate interests.

#### **1. Rights of the Fund Unitholders:**

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.

## **2. Obligations of the Fund Unitholders:**

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. General Meeting of Fund Unitholders**

The general meeting of Fund Unitholders is composed of the Fund Unitholders and the legal authorized representatives thereof. Each Fund Unit held by the Fund Unitholders represents an equal voting right.

**(I) Reasons for Convening the Meeting**

1. In case any of the following occurs or otherwise resolutions are required to be made with regard thereto, a general meeting of Fund Unitholders shall be held:

- (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) Merger between the Fund and other funds;
- (8) Change of the investment objects, scope or strategies of the Fund;
- (9) Change of the procedure of the general meeting of Fund Unitholders;
- (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 that have material impacts on the rights and obligations of the parties to the Fund; or
- (13) 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.

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.
3. Where one of the following conditions occurs in the Fund duration from the effective date of the Fund Contract, the Fund Manager shall call for the general meeting of Fund Unitholders which will vote if the Fund Contract should be terminated or the Fund should integrate with other funds:
- (1) The number of Fund Unitholders is fewer than 200 for 60 consecutive working days;
  - (2) The Net Asset Value of the Fund is lower than RMB 30 million for 60 consecutive working days;
  - (3) Fund Units held by the top ten Fund Unitholders of the Fund represent over 90% of the total Units of the Fund for 60 consecutive working days.

## **(II) Meeting Convener and Methods of Convening**

- 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. In case the Fund Manager determines not to convene the meeting while the Fund Custodian still believes that such a meeting is necessary, the Fund Custodian shall convene the meeting.

- 4、 In the event that the 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. In case 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 the 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, the 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 the way of holding a general meeting of Fund Unitholders as well as the date of record shall be selected and determined by

the convener.

### **(III) Time, Content and Way of Notification of a General Meeting of Fund Unitholders**

1. The convener of a general meeting of Fund Unitholders shall announce the meeting on Designated Media and designated websites 40 days prior to holding the meeting. The notice of a general meeting of Fund Unitholders shall contain, as a minimum:
  - (1) The time, venue and way of holding the meeting;
  - (2) Matters proposed to be discussed, procedures for the meeting and way of voting;
  - (3) The date of record applicable to the Fund Unitholders eligible to attend the general meeting of Fund Unitholders;
  - (4) Contents and requirements, delivery time and place of the letter of authorization (including but not limited to agent identity, agent authority and expiration date of agent etc.);
  - (5) Constant contact person and contact number for meeting affairs.
2. In case 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.
3. In case the Fund Manager is the convener, the Fund Custodian shall be separately notified to supervise the counting of written votes at the designated venue. In case the Fund Custodian is the convener, the Fund Manager shall be separately notified to supervise the counting of written votes at the designated venue. In case the meeting is convened by Fund Unitholders, both the Fund Manager and the Fund Custodian shall be separately notified to supervise the counting of written votes at the

designated venue. Where the Fund Manager or the Fund Custodian should refuse to designate representatives to count the votes, the validity of vote counting would not be affected.

#### **(IV) Way for the 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. On-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 shall provide certificates for holding Fund Units; proxies present on behalf of Fund Unitholders shall 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, regulations, the Fund Contract and the notice of meeting. In addition, the Fund Unit certificates should be consistent with the registration at the Fund Registration Agency; and
  - (2) It is verified, based on certificates presented by the participants showing the Fund Unit holdings as of the date of record, that valid Fund Units are not less than 50% of the total Fund Units of the Fund 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 the 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 the 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 votes as specified in the preceding Item (3) shall present certificates for holding Fund Units; proxies casting votes as authorized by the 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 as well as the record of the Fund Registration Agency;
- (5) The notice of meeting is filed with the CSRC before being announced.
- (6) In case of voting through telecommunications, unless sufficient evidences prove to the contrary during vote counting, any written votes that appear to be in accordance with relevant the 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.



## **(V) 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 the Fund Unitholders 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 and announced by the convener at least 35 days before the meeting is convened.

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 a Fund Unitholder, 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 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 chairperson 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.

In case the proposals submitted by the Fund Manager, the Fund Custodian or the 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 6 months has elapsed, unless otherwise specified by the laws and regulations.

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 Unitholders at latest, otherwise the meeting date shall be postponed accordingly and it shall be ensured that the time interval between such date and the announcement date is 30 days or longer.

## 2. Procedures

### (1) On-site Meetings

When the meetings are held on site, the chairperson shall first determine and

announce scrutineers in accordance with the procedures specified in the following subsection 7, and then read the proposals out. 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.

The meeting convener shall make a book of signatures for the participants of the meeting. The book of signatures shall contain the name of participants (or company name), identity card number, voting Fund Units held or presented, name of the proxy (or company name) etc.

## **(2) Meetings through Telecommunication**

When the meetings are held via telecommunication, the convener shall first announce the proposals 30 days in advance and count all the effective votes within two working days after the voting deadline stated in the notice under the supervision of the public notary office. Resolutions shall then be reached under the supervision of the public notary bodies.

## **(VI) Voting**

Every Fund Unit that Fund Unitholders holds 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 the items specified in the following

- Item (II) 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.
  3. The voting of the general meeting of Fund Unitholders is conducted by open ballot.
  4. In case of voting through telecommunications, unless sufficient evidences prove to the contrary during 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.
  5. 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.

## **(VII) 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 the 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, the validity of vote counting would not be affected.
  - (2) Scrutineers shall count the votes immediately after the Fund Unitholders have voted and the results shall be announced by the chairperson on the spot.

- (3) If the chairperson or any Fund Unitholders should be 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 public notary bodies. Where the Fund Manager or the Fund Custodian should refuse to make their presence at the meeting, the validity of vote counting would not be affected.

## 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 the 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 should refuse to designate representatives to supervise the vote counting, the validity of vote counting would not be affected.

## **(VIII) Effectiveness and Announcement**

The convener shall report the resolutions passed by the general meeting of Fund Unitholders within five days after the voting, to the CSRC to be approved or filed.

The resolutions passed by the general meeting of Fund Unitholders shall be effective from the date when they are approved by the CSRC in accordance with law or when the CSRC has issued a non-objection.

The 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 since the resolutions take effect. If the voting is conducted via telecommunications, the full text of the notarial certificate, notarization institutions and names of the notaries shall be announced together with the resolutions of the general meeting of the Fund Unitholders.

The Fund Manager, the Fund Custodian and the Fund Unitholders shall carry out the effective resolutions of the general meeting of Fund Unitholders.

The valid resolutions of the general meeting of the Fund Unitholders shall be binding to all the Fund Unitholders, the Fund Manager and the Fund Custodian.

(IX) The Hong Kong Representative or Hong Kong Sales Agency, nominal holder of Class H Fund Units, may, based on compliance with the Fund Contract and relevant the laws and regulations and upon duly seeking opinion of holders of Class H Fund Units, provide service for holders of Class H Fund Units in relation to exercise of relevant rights concerning general meeting of Fund Unitholders, including holding or convening a general meeting of Fund Unitholders, attending a general meeting of Fund Unitholders and exercising voting rights in a general meeting of Fund Unitholders on behalf thereof.

### **III. Conditions and Procedure for Replacement of Fund Manager and Fund Custodian**

#### **(I) Situations under which the Responsibilities of Fund Manager and Fund Custodian will be Terminated**

##### **1. Situations under which the Responsibilities of Fund Manager will be Terminated**

Under any of the following situations, the obligations of Fund Manager will be terminated:

- (1) The Fund Manager's qualification for management of the Fund is canceled in accordance with law;
- (2) The Fund Custodian is dismissed by the general meeting of Fund Unitholders;
- (3) The Fund Custodian is dissolved, canceled, or declared to be bankrupted in accordance with law;
- (4) Other circumstances specified by the laws and regulations and the Fund Contract.

##### **2. Situations under which the Responsibilities of Fund Custodian will be**

## **Terminated**

Under any of the following situations, the Responsibilities of Fund Custodian will be terminated:

- (1) The Fund Custodian's qualification for custodian of Fund is canceled in accordance with law;
- (2) The Fund Custodian is dismissed by the general meeting of Fund Unitholders;
- (3) The Fund Custodian is dissolved, canceled, or declared to be bankrupted in accordance with law;
- (4) Other circumstances specified by the laws and regulations and the Fund Contract.

## **(II) Procedures for Replacement of Fund Manager and Fund Custodian**

### **1. Procedures for Replacement of Fund Manager**

- (1) Nomination: The newly-appointed Fund Manager shall be nominated by the Fund Custodian, or Fund Unitholders accounting for over 10% (including 10%) of Fund Units;
- (2) Resolution: The general meeting of Fund Unitholders shall, within six months after termination of the responsibilities of the Fund Manager, form a resolution concerning the Fund Manager nominated. In order to be passed, the resolution shall be approved by over 2/3 (including 2/3) of the votes held by the Fund Unitholders;
- (3) Temporary Fund Manager: Before the new Fund Manager is appointed, a temporary Fund Manager shall be appointed by the CSRC;
- (4) Verification: The resolution concerning the Fund Manager nominated passed in the general meeting of Fund Unitholders shall be verified, approved and validated by the CSRC before it can be implemented;
- (5) Announcement: When the Fund Manager is replaced, the Fund Custodian shall, within two days after verification by the CSRC, publish the relevant announcement on Designated Media in accordance with the requirements under the Measures for Information Disclosure.
- (6) Handover: When responsibilities of the Fund Manager are canceled, the Fund Manager shall carefully safekeep business information of Fund management, and handle the handover procedures of the business of Fund

management for the temporary Fund Manager or newly-appointed Fund Manager in time, while the provisional Fund Manager or newly-appointed Fund Manager shall accept the business information in time. The newly-appointed Fund Manager shall check up Total Asset Value of the Fund with the Fund Custodian;

- (7) Audit: When responsibilities of the Fund Manager are canceled, an accounting firm shall be retained in accordance with provisions of the laws and regulations to audit Fund assets. In addition, the audit result shall be publically announced, and at the same time shall be reported to the CSRC for filing;
- (8) Alteration of name of the Fund: After replacement of the Fund Manager, if the original or newly-appointed Fund Manager require to replace or delete any name or wording which is contained in the Fund name and related with the original Fund Manager, such requirement shall be satisfied.

## **2. Procedures for Replacement of Fund Custodian**

- (1) Nomination: The newly-appointed Fund Custodian shall be nominated by the Fund Manager, or Fund Unitholder(s) accounting for over 10% (including 10%) of Fund Units;
- (2) Resolution: The general meeting of Fund Unitholders shall, within six months after termination of the responsibilities of the Fund Custodian, form a resolution concerning the Fund Custodian nominated. In order to be passed, the resolution shall be approved by over 2/3 (including 2/3) of the votes held by the Fund Unitholders;
- (3) Temporary Fund Custodian: Before the new Fund Custodian is appointed, a temporary Fund Custodian shall be appointed by the CSRC;
- (4) Verification: The resolution concerning the Fund Custodian nominated passed in the general meeting of Fund Unitholders shall be verified, approved and validated by the CSRC before it can be implemented;
- (5) Announcement: When the Fund Custodian is replaced, the Fund Manager shall, within two days after verification by the CSRC, publish the relevant announcement on Designated Media in accordance with the requirements under the Measures for Information Disclosure.
- (6) Handover: When responsibilities of the Fund Custodian are canceled, the



Fund Custodian shall carefully safekeep business information of Fund management, and handle the handover procedures of the business of Fund management for the temporary Fund Custodian or newly-appointed Fund Custodian in time, while the provisional Fund Custodian or newly-appointed Fund Custodian shall accept the business information in time. The newly-appointed Fund Custodian shall check up Total Asset Value of the Fund with the Fund Manager;

- (7) Audit: When responsibilities of the Fund Custodian are canceled, an accounting firm shall be retained in accordance with provisions of the laws and regulations to audit Fund assets. In addition, the audit result shall be publicly announced, and at the same time shall be reported to the CSRC for filing;

### **3. Concurrent Replacement of the Fund Manager and Fund Custodian**

- (1) Nomination: If the Fund Manager and Fund Custodian are to be replaced concurrently, the newly-appointed Fund Manager and Fund Custodian shall be nominated by Fund Unitholder(s) accounting for over 10% (including 10%) of the total Fund Units;
- (2) Replacement of the Fund Manager and Fund Custodian shall respectively be carried out in accordance with the above-mentioned procedures;
- (3) Announcement: Announcement concerning the newly-appointed Fund Manager and Fund Custodian shall be published in accordance with relevant regulations, and be reported to the CSRC for filing.

## **IV. Fund Custody**

The Fund Custodian and Fund Manager shall, in accordance with the Fund Law, the Fund Contract, and other relevant provisions, enter into the Custodian Agreement.

The goal for entering into the Custodian Agreement is to clearly define the rights, duties and obligations between the Fund Custodian and Fund Manager in terms of relevant matters like safekeeping of Fund assets, investment operation, calculation of net value, revenue distribution, information disclosure and mutual

supervision, so as to ensure safety of Fund assets, and protect legitimate rights and interests of the Fund Unitholders.

## **V. Changes and Termination of the Fund Contract and Liquidation of Fund Assets**

### **(I) Changes of the Fund Contract**

1. The following changes of the Fund Contract are subject to approval by the general meeting of Fund Unitholders, with corresponding resolutions required:

- (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 standards of remuneration for the Fund Manager and the Fund Custodian, except to the extent such standards of remuneration are improved in accordance with the laws and regulations;
- (5) Change of the type of the Fund;
- (6) Change of the investment objectives, scope or strategies of the Fund (unless otherwise specified by the laws and regulations or the CSRC);
- (7) Merging of the Fund and other funds;
- (8) Change of the procedure of convening the general meeting of Fund Unitholders;
- (9) Termination of the Fund Contract;
- (10) Matters that may have material impacts on the rights and obligations of the parties to the Fund; or

Nevertheless, in the following cases, even when no corresponding resolution has been made by the general meeting of Fund Unitholders, a change may be made if the Fund Manager and Fund Custodian consent to the change, make an announcement of it and have it filed with the CSRC:

- (1) Reduction of the Fund management fee or Fund custody fee;
- (2) Charging of new Fund fees as required by the laws and regulations;
- (3) Adjustment to the subscription fee rates or decrease of the redemption fee rates of the Fund to the extent permitted by the laws and regulations and the Fund Contract;
- (4) Change of the Fund Contract as required by changes in relevant the laws and regulations;

- (5) Changes to the Fund Contract that will have no material adverse impact on the interests of the 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. Resolution on changes to the Fund Contract made by the general meeting of Fund Unitholders may not be implemented until they are approved by China Securities Regulatory Commission and take effect, and, after the resolutions takes effect, a corresponding announcement shall be made on Designated Media in accordance with the requirements under the Measures for Information Disclosure.

## **(II) 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 but not assumed by a new Fund Manager or a new Fund Custodian within six months;
3. Other circumstances agreed in the Fund Contract;
4. Other circumstances stipulated by the CSRC as well as relevant the laws and regulations.

## **(III) Liquidation of Fund Assets**

1. Fund-asset liquidation group: The fund-assets liquidation group shall be established within 30 working days after the date of occurrence of the causes for termination of the Fund Contract, which will be led by the Fund Manager to 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, certified public accountants 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 working staff as necessary.
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 civil activities as necessary in accordance with the laws.

4. Procedures for liquidation of Fund assets:

- (1) Upon termination of the Fund Contract, the Fund shall be taken over by the Fund-asset liquidation group in whole;
- (2) To identify and confirm assets, debts and liabilities of the Fund;
- (3) To value and realize Fund assets;
- (4) To prepare the 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 having the same announced;
- (7) To distribute Fund assets.

5. The liquidation period of Fund assets shall be six months.

**(IV) Costs for Liquidation**

Liquidation costs refer to all reasonable expenses incurred by the Fund-asset liquidation group during the Fund liquidation, which costs shall be paid by the Fund-asset liquidation group from Fund assets in priority.

**(V) Allocation of the Remaining Assets from Fund-asset liquidation**

All the remaining assets after liquidation of Fund assets shall, in accordance with the allocation scheme of liquidation of Fund assets, and after deduction of expenses of liquidation of Fund assets, payment of taxes in arrears, and liquidation of the debt, be distributed in accordance with the proportion of Fund Units held by the Fund Unitholders.

**(VI) Fund-asset Liquidation Announcement**

Any major matters during the liquidation shall be announced promptly. The Fund-asset liquidation report shall be filed with the CSRC and announced after being audited by an accounting firm qualified for securities and futures and related business and after the legal opinions have been issued by a law firm with

regard thereto. Fund-asset liquidation announcement shall be made upon the termination of the Fund Contract and no later than five working days after reported to the CSRC, 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.

## **(VII) Retention of Accounting Statements and Documents for Liquidation of Fund Assets**

The account books and documents in relation to Fund assets liquidation shall be retained by the Fund Custodian for at least 15 years.

## **VI. Registration of Fund Units**

### **(I) Fund Registration Business**

Fund Registration Business means Fund registration, depository, clearing and settlement business(es), including Investor's Fund account management, registration and clearing of Fund Units and Fund trading confirmation, dividend distribution, and establishment and safekeeping of Fund Unitholder registration;

### **(II) Agency for Fund Registration Business**

Registration Business of the Fund shall be handled by the Fund Manager or other qualified institutions engaged by the Fund Manager. When the Fund Manager engages other institutions to handle Registration Business of the Fund, it shall enter into an agreement of engagement with the engaged party, so as to clearly define the rights and duties of the Fund Manager and the engaged party in terms of matters like management of Investor's Fund Account, liquidation and registration of Fund Units, confirmation of Fund trading, distribution of dividends, as well as establishment and safekeeping of register of the Fund Unitholders, and protect legitimate rights and interests of the Fund Unitholders.

### **(III) Rights of the Fund Registration Agency**

The Fund Registration Agency shall enjoy the following rights:

1. Be entitled to the registration fee;
2. Establish and manage Investors' Fund Account;
3. Safekeep account-opening and trading information, as well as register of the

Fund Unitholders;

4. Within the scope allowed by the laws and regulations, the time for handling the Registration Business shall be adjusted and, in accordance with relevant provisions, be published on Designated Media before implementation;
5. Enjoy other rights specified by the laws and regulations.

#### **(IV) Duties of Fund Registration Agency**

The Fund Registration Agency shall assume the following duties:

1. Maintain sufficient professionals to carry out registration business involving Fund Units;
2. Handle Registration Business for Fund Units strictly in accordance with the laws, regulations, and conditions required by the Fund Contract;
3. Maintain register of the Fund Unitholders, as well as relevant business records of subscription and redemption for over 15 years;
4. Assume the duties of confidentiality of information of Fund Account of the Fund Unitholders. If any loss is incurred to Investors or Fund due to violation of the duties of confidentiality, the Fund Registration Agency shall bear the relevant responsibility of indemnification, except in cases of compulsive inspection by the administration of justice, or other situations required by the laws and regulations;
5. Handle the business of non-trade transfer for Investors in accordance with provisions of the Fund Contract and Prospectus;
6. Accept the supervision of the Fund Manager;
7. Other obligations specified by the laws and regulations.

#### **VII. Responsibility of Violation of Contract**

- (I) If, due to behavior of violation of contract of parties concerned to the Fund Contract, the Fund Contract cannot be fulfilled or completely fulfilled, the party in violation of contract shall bear the responsibility of violation of contract; in case the two parties or more parties to the Fund Contract violate the Fund Contract, the parties in violation of contract shall respectively bear the relevant responsibilities of violation of contract in accordance with the actual conditions. However, when any of the following situations happens, the parties concerned may be exempted:

1. Any loss is incurred due to act or omission of the Fund Manager and Fund Custodian in accordance with regulations of the CSRC or the laws and regulations then effective;
  2. Any loss is incurred due to the reason that the Fund Manager chooses to exercise or not to exercise its rights of investment in accordance with the investment principles stipulated in the Fund Contract;
  3. Force Majeure.
- (II) If, while fulfilling their respective obligations, the Fund Manager or Fund Custodian violates stipulations of the laws and regulations like the Fund Law, or provisions of the Fund Contract, and thereby causes loss or damage to Fund assets or the Fund Unitholders, they shall respectively bear the responsibilities of indemnification for their behaviors in accordance with law; if, by joint actions, the Fund Manager or Fund Custodian causes loss or damage to Fund assets or the Fund Unitholders, they shall bear the joint and several liability of indemnification.
- (III) When one or more parties violate the contract, under the precondition of maximum protection of benefits of the Fund Unitholders, the Fund Contract shall continue to the fulfilled as far as it is possible. The party not in violation of the contract shall, within the scope of its obligations, adopt necessary measures in time, so as to avoid increase of loss. If the loss increases due to failure to adopt appropriate measures, no claim of indemnification against the loss increased shall be allowed. Reasonable expenses incurred to the party not in violation of the contract due to prevention of increase of loss shall be borne by the party in violation of the contract.

## **VIII. Dispute Settlement**

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 HKSFC shall be applicable to sales and operation of Hong Kong's Fund Units.

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. Validity of the Fund Contract**

The Fund Contract serves as a legal document to determine the rights and duties between different parties to the Fund, or between the Fund and parties to the Fund.

- (I) The Fund Contract shall be sealed by the Fund Manager and Fund Custodian, and be signed by the authorized representatives or authorized signatories of both parties. After the end of offering, the Fund Manager shall handle the procedures of registration and filing of the Fund with the CSRC, whereas the Fund Contract will come into effect upon written confirmation of the CSRC.
- (II) Valid term of the Fund Contract shall be from the date of validation of it to the date on which liquidation results of Fund assets are ratified and announced by the CSRC.
- (III) Since the effective date of the Fund Contract, it is equally and lawfully binding to all the parties to the Fund Contract, including the Fund Manager, the Fund Custodian and the Fund Unitholders.
- (IV) The original Fund Contract comes in six copies. Except for the two copies that are filed with the relevant regulatory authority, the rest are held by the Fund Manager and the Fund Custodian, each with two copies. Each of the copies has the same force of law.
- (V) The Fund Contract may be printed as pamphlets for reference at the offices of the Fund Manager, the Fund Custodian and the Consignment Agency; it is also possible for Investors to purchase the duplicates or copies of the Fund Contract after paying the fees, but with the original Fund Contract as the benchmark concerning the content.



## **XX. Summary of Custodian Agreement**

### **I. Parties to the Custodian Agreement**

#### **(I) Fund Manager**

Name: CCB Principal Asset Management Co., Ltd.  
Domicile: 16/F, Winland International Financial Center, 7 Jinrong Street, Xicheng District, Beijing  
Legal Representative: Xu Huibin  
Date of Establishment: September 19, 2005  
Authority Approving the Establishment and Reference Number of the Establishment: Document Zheng Jian Ji Jin Zi [2005] No. 158 of the CSRC  
Approval:  
Registered Capital: RMB 200 million  
Form of the Organization: Limited liability company  
Business Scope: Fund raising, management of securities investment funds, as well as other businesses of assets management allowed by the laws, regulations or relevant regulatory authorities  
Term of Operations: Continuous operations  
Telephone: 010-66228888  
Fax: 010-66228889  
Contact: Guo Yali

#### **(II) Fund Custodian (or "Custodian")**

Name: China CITIC Bank Corporation Limited (hereinafter referred to as China CITIC Bank)  
 Domicile: Tower C, Fuhua Mansion, 8 Chaoyangmenbei Street, Dongcheng District, Beijing  
 Office Address: Tower C, Fuhua Mansion, 8 Chaoyangmenbei Street, Dongcheng District, Beijing  
 Legal Representative: Chang Zhenming  
 Date of Establishment: April 07, 1987  
 Form of the Organization: A company limited by shares  
 Registered capital: RMB 46,787.30 million  
 Term of Operations: Continuous operations  
 Number of Approval of Establishment: General Office of the State Council of the People's Republic of China Guo Wu Han [1987] No. 14  
 Number of Approval of Business of the Fund: Zheng Jian Ji Jin Zi [2004] No. 125 of the CSRC  
 Custodian: Asset custody department of China CITIC Bank  
 Contact: 010-65558812  
 Telephone: 010-65550832  
 Fax: 95558  
 Customer Service Hotline: bank.ecitic.com  
 Website:

Business scope: absorbing public deposit; extending short-term, mid-term and

long-term loans; domestic and international settlements; acceptance and discounts of bills; issuing financial bonds; issuance and underwriting agency, as well as agency for cashing government bonds; buying and selling government and financial bonds; engaged in inter-bank lending; trading foreign exchange or agency thereof; settlement and sales of foreign exchange; engaged in bankcard businesses; providing letters of credit and guaranteeing; third party payment; providing safe-deposit box services; settlement and sales of foreign exchange; other businesses approved by the Banking Regulatory Authority of the State Council.

## **II. Business Supervision and Examination between the Fund Custodian and the Fund Manager**

(I) Exercise of supervision rights by the Fund Custodian over the Fund Manager's investment

1. The Fund Custodian shall supervise the following investment scope and objects in accordance with relevant the laws and regulations and the Fund Contract.

The Fund is available for investment in financial instruments of high liquidity, which include listed bonds (including government bonds, financial bonds, central bank bills, enterprise bonds, corporate bonds, subordinated bonds, convertible bonds, short-term commercial paper, asset-backed securities, bond redemption. etc.), stocks (including stocks listed in SME Board, ChiNext, depositary receipts and those otherwise approved by the CSRC), warrants and other financial instruments available for Fund investment as approved by the laws and regulations or the CSRC (subject to relevant provisions of the CSRC).

The Fund Manager can include other types of investment into the scope of the Fund investment that are approved by the laws and regulations as well as the CSRC after proper procedures.

The Fund shall not be invested in such financial instruments as prohibited from investing in by relevant laws, regulations, 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 the laws and regulations and the provisions of the Fund Contract.

Portfolio proportion of the Fund is as follows: The proportion of investment in bond assets in Fund assets shall be no less than 80% and that of equity assets no higher than 20%; held cash or 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.

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:

- (1) The proportion of investment made by the Fund in bond assets shall be no less than 80%;
- (2) The proportion of investment made by the Fund in equity assets shall be no less than 20%;
- (3) The Fund holds the stocks of one listed company, the market value of which does not exceed 10% of the Net Asset Value of the Fund;
- (4) The market value of all the warrants held by the Fund shall not exceed 3% of the Net Asset Value of the Fund; if any new provisions are specified by the laws and regulations or the CSRC on the proportion of investment of funds on warrants, the new provisions shall be followed;
- (5) The total amount of warrants subscribed by the Fund at any trading day does not exceed 0.5% of the Net Asset Value of the Fund on the last trading day;
- (6) All asset-backed securities at the same credit level held by the Fund shall not exceed 10% of the total size of such asset-backed securities; the ratio of all asset-backed securities, owned by one original

- interests holder whom the Fund has invested in, shall not exceed 10% of the Net Asset Value of the Fund; the market value of all asset-backed securities held by the Fund shall not exceed 20% of the Net Asset Value of the Fund; the asset-backed securities of the same original interests holder invested by all the funds managed by the Fund Manager shall not exceed 10% of the total size of the asset-backed securities;
- (7) Investment of the Fund shall be put on asset-backed securities above BBB credit rating (including BBB). During the period when any asset-backed securities are held by the Fund, if the credit rating of the securities drops and no longer meets the investment requirement, all these securities shall be sold out within three months after the date on which the credit rating report is issued.
- (8) The balance of capitals used to repurchase the bonds in the national interbank market shall not exceed 40% of the Net Asset Value of the Fund;
- (9) The amount of cash or government bonds mature within a year shall be maintained to be at least 5% of the Net Asset Value of the Fund;
- (10) Fund assets are also involved in the subscription of issued stocks, whose amount by the Fund shall not exceed the total asset of the Fund. The number of stocks subscribed by the Fund shall not exceed the total number of the stocks the company intend to issue;
- (11) 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;
- (12) 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;

- (13) 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;
- (14) 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;
- (15) Other ratio restrictions stipulated in regulations made by the CSRC and the People's Bank of China.

The Fund Manager shall comply with the portfolio ratios of the Fund with relevant provisions in the Fund Contract within six months from the effective date of the Fund Contract. Where the investment of the Fund is not in compliance with the specified investment ratios due to such factors beyond the control of the Fund Manager as the securities market volatility, and mergers of listed companies, the Fund Manager shall make adjustments to meet the standards within ten trading days. Provisions otherwise stipulated by the laws and regulations shall be followed.

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 lawfully. Provisions as otherwise stipulated in the laws and regulations and by regulatory authorities shall bind the Fund.

Supervision and inspection by the Fund Custodian over investment of the Fund shall start from the effective date of the Fund Contract.

- (3) Terms for adjustment of investment ratio of the Fund as permitted by the regulations.

Where the investment of the Fund is not in compliance with the specified investment ratios due to such factors beyond the control of the Fund Manager as the market volatility, mergers of listed companies, or changes in Fund size, 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.

In case of any predictable big shift in assets size, the Fund Manager shall send a notice to inform about the possible change in Fund size and solutions of the Company at least two working days in advance, for the convenience of the Fund Custodian's trading supervision.

3. The Fund Custodian shall supervise the following forbidden practices during Fund investment in accordance with relevant the 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:

- (1) Underwrite securities;
- (2) Provide loans or guarantees to others;
- (3) Engage in investment that may cause Fund assets to assume unlimited liability;
- (4) Buy and sell other Fund Units, unless otherwise specified by the laws and regulations or the CSRC;
- (5) Financially contribute to Fund Manager and Fund Custodian of the Fund, or buying and selling stocks or bonds issued by Fund Custodian and Fund Manager of the Fund;
- (6) Buy and sell bonds issued by shareholders related to the Fund Manager and Fund Custodian through share holding or companies that have other material interest relations with the Fund Manager and Fund Custodian;
- (7) Perform securities trading activities which include insider trading, manipulating trading prices of securities and other misconducts;
- (8) Perform other acts banned by the then valid the laws and regulations, the CSRC and the Fund Contract.

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

4. The Fund Custodian shall supervise over limitations on connected investment of the Fund in accordance with provisions of relevant the laws and regulations as well as the Fund Contract.

In accordance with the provision that forbids 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 individual organization, the list of companies with significant stakes with the organization and updates to both lists, affix common seal to and submit in writing such lists, 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 acknowledging knowledge of such update. In case that the Fund Manager conducts connected transactions in a manner in 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 to and assist the Fund Manager in taking necessary measures for preventing such connected transaction. In case failure to prevent such connected transaction after taking necessary measures, the Fund Custodian shall be entitled to report to the CSRC, any loss and liability thus occurred shall be borne by the Fund Manager. With regard to any exchange-traded connected transactions in



violation of related rules, the Fund Custodian shall make settlement in accordance with related laws and regulations and rules of the Exchange, and report to the CSRC; any loss and liability thus incurred shall not be borne by the Fund Custodian.

5. The Fund Custodian shall supervise the Fund Manager's participation in the interbank bond market in accordance with relevant the laws and regulations and the Fund Contract.

The Fund Custodian shall supervise the control measures of credit risks exposed to the Fund Manager in connection with its participation in the interbank bond market in accordance with following methods.

The Fund Manager shall provide the Fund Custodian with 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 and repurchase counterparties, and provide the updated list to the Fund Custodian; and the Fund Custodian shall, within two working days, send a confirmation letter acknowledge of receipt and update 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 counterparties 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 counterparties 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.

When the Fund Manager conducts interbank transactions, 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.

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 bank.

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. The Fund shall preferably choose the custodian bank as its deposit bank; if not, the Fund Manager shall provide the Fund Custodian a list of deposit banks in line with the laws and regulations and industrial standards, which is subject to the supervision of the Fund Custodian.

7. The Fund Custodian shall supervise the investment of Fund on restricted securities

(1) Any investment of Fund on restricted securities shall follow the Urgent Notice on Standardizing the Investment of Fund in Securities of Non-public Offering, Notice on the Investment of Fund in Restricted Securities as Securities of Non-public Offering, and other related provisions in the laws and regulations.

- (2) The restricted securities include, as stipulated in the Administrative Measures for the Issuance of Securities by Listed Companies, marketable securities with defined lock-up periods since their issuance, such as, securities of non-public offering and part of public offering securities under offline placement; exclude restricted securities like those temporarily delisted due to announcement of significant news or other reasons, offered but unlisted securities, and pledged securities in repurchase transactions.
- (3) Before the first investment of Fund on restricted securities, the Fund Manager shall provide to the Fund Custodian the investment decision-making procedures and risk control system concerning the Fund investment on restricted securities approved by the board of directors of the Fund Manager. For investment of Fund on stocks of non-public offering, the Fund Manager shall still provide a disposition plan of liquidity risks approved by its board of directors. The above materials shall include but be not limited to the amounts and proportion control of investment of Fund on restricted securities.

The Fund Manager shall send the above documents in written to the Fund Custodian two working days before the execution of the first investment, so that the Fund Custodian has sufficient time to review. The Fund Custodian shall, within two working days upon receipt of such documents, confirm the receipt in written or any other method recognized by both parties.

- (4) Before investing the Fund on restricted securities, the Fund Manager shall provide the Fund Custodian related written information in accordance with requirements of the laws and regulations, including but not limited to, approval for the proposed securities issuer given by the CSRC, number, price and lock-up period of securities to issue, amount, price and total costs of proposed subscription, proportion of total costs in Net Asset Value of the Fund, proportion of the market value of restricted securities in hand in Net Asset Value of the Fund, time of payment and etc. The Fund Manager shall guarantee the integrity and accuracy of the above-mentioned information, and send them in written to the Fund Custodian two working days before the execution of the first investment, so that the Fund Custodian has sufficient time to review.
- (5) The Fund Custodian shall supervise the compliance of the Fund Manager to

the laws and regulations, investment decision-making procedures, risk control system and disposition plan for liquidity risks, and review related written information provided by the Fund Manager. Should the Fund Custodian find any of the above-mentioned information may result in risks of the Fund, the Fund Custodian shall be entitled to provide written explanation on measures to eliminate or prevent such risks before investing on restricted securities, and conserve the right to review Risk Management Reports issued by Risk Management Department of the Fund Manager on such investment on restricted securities and other documents for inspection. Otherwise, the Fund Custodian is entitled to refuse the execution of any related instruction. For any loss of Fund assets occurred due to the refusal of instruction execution, the Fund Custodian shall take no responsibility and have the right to report to the CSRC.

In case the Fund Manager and the Fund Custodian fail to reach an agreement, an in-time report shall be submitted to the CSRC for settlement. As long as the Fund Custodian has actually performed its supervision duty, it shall undertake no liability. If the Fund Custodian has not actually performed its supervision duty and caused any risk of the Fund, the Fund Custodian shall take the joint responsibility.

- (II) The Fund Custodian shall supervise and check the calculation of net asset value of Fund, the calculation of Net Asset Value per Unit of the Fund, the arrival of Fund receivables, the confirmation of Fund expenses and revenue, the allocation of Fund returns, the disclosure of related information, the Fund performance data in the Fund promotion material.
- (III) 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 the items in the notice at any time within the deadline, so that they can urge the Fund Manager to make the corrections. In the event that the Fund Manager does not correct the 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.

If the Fund Custodian should discover that the investment directive violates the laws and regulations and the Fund Contract, he/she shall refuse to execute, notify the Fund Manager immediately and report it to the CSRC.

If the Fund Custodian should discover that the effective investment order issued by the Fund Manager pursuant to the trading procedure violates the laws, administrative regulations and other relevant provisions or the Fund Contract, he/she shall notify the Fund Manager immediately and report it to the CSRC.

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.

If 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.

### **III. Business Verification 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 Funds accounts and securities accounts for 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 the liquidation delivery based on the directive of the Fund Manager, disclosure of relevant information and supervision of the Fund's investment operation.

If the Fund Manager discover that the Fund Custodian embezzles Fund assets, does not separate accounts for Fund assets, doesn't execute or delay to execute with justifiable reasons the directive of Funds transfer of the Fund Manager, reveals Fund investment information, 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.

If 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 the 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.

#### **IV. Safekeeping of Fund Assets**

##### **(I) 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 the integrity and independence of Fund assets.
5. Concerning the assets receivable generated during the Fund initial subscription, 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.

##### **(II) Verification of Raised Funds**

During the 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 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 the capital verification, the Fund Manager shall deposit all the raised funds 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.

### (III) 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 account. 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 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 Administrative Rules for RMB Bank Settlement Accounts, Provisional Regulation on Cash Control, Administrative Provisions on RMB Interest Rates, Interim Provisions on Interest Rate Management, Payment Method for Settling Account and other stipulations of Banking Regulatory Authority.



#### (IV) 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 Fund Manager shall not lend out or transfer any of the Fund's security accounts without the consent of the Fund nor engage in any activity other than the Fund's operations using any of the Fund's account.

#### (V) 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 CDC in the name of the Fund and for back-office matching and performing liquidation of bonds of the Fund.
2. The Fund Manager and the Fund Custodian shall be jointly responsible for entering into a master agreement for national inter-bank lending market repurchase with external organizations. The original shall be kept by the Fund Custody, and a copy by the Fund Manager.

#### (VI) Opening and Management of the 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 the laws and regulations as well as the Fund Contract. Such accounts shall be used and managed in accordance with relevant rules.

(VII) 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 CDC or Shanghai/Shenzhen Branch or 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 that is not itself.

(VIII) 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 contract, the Fund Manager shall, within five working days, serve the original copy of such contract on the Fund Custodian via such reliable methods as delivery by designated persons and certified mail. Such original copy shall be safekept by respective document safekeeping department of the Fund Manager and the Fund Custodian for over 15 years.

**V. Calculation and Financial Accounting of Net Asset Value of the Fund**

(I) Calculation of Net Asset Value of the Fund

1. Time and Procedure for Calculation and Review of Net Asset Value of the Fund

Net Asset Value of the Fund refers to the balance of the total asset value of 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 at the calculation date by the total number of Fund Units at the calculation date.

Net Asset Value per Unit of different classes shall be the value calculated by dividing the Net Asset Value of each class of fund on the calculation date by the total number of offered Fund Units of each class already offered on the calculation date. Net Asset Value per Unit of the Fund is rounded off to three decimal places, and any error thus incurred should be added to Fund assets.

The Fund Manager shall calculate the Net Asset Value of the Fund on each business day after a transaction is completed and send the results to the Fund Custodian by means recognized by both parties. The Fund Custodian, after reviewing the calculated net value, shall affix his/her signature and seal and send to the Fund Manager by means recognized by both parties. The Fund Manager shall publish the Net Asset Value of the Fund.

The Fund Manager is responsible for the calculation of Net Asset Value of the Fund and the financial accounting of the Fund. Therefore, in light of the accounting issues related to the Fund, as the Fund Manager is the party responsible for the Fund accounting, 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.

## (II) Valuation Methods for Fund Assets

### 1. Valuation Subjects

Valuation subjects of the Fund shall be all assets and debts held by the Fund, including bonds, stocks, warrant and deposit principal and interest.

### 2. Valuation Methods

The Fund adopts the following methods for valuation:

#### (1) Valuation of marketable securities listed at the stock exchange

- A. 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;

- B. 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 the valuation date and no major change to the economic environment since the latest trading day, bonds 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;
- C. 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. 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;
- D. 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.

(2)Unlisted marketable securities will be addressed in accordance with the following conditions:

- A. 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; if there is no trading on that day, shares will be valued at the market price (closing price) on the latest trading day;
  - B. 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.
  - C. 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.
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- (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) The valuation is subject to the compulsory requirements of relevant the 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 on the Net Value of the Fund while the Fund Custodian

should review and check the Net Asset 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.

### (III) 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 Asset 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.

#### (IV) Creation of Fund Account Books

After the Fund Contract takes effect, the Fund Manager and the Fund Custodian shall set, register and keep the whole set of accounting records of the Fund respectively in accordance with the same bookkeeping method and the same accounting principles agreed by concerned parties. Meanwhile, they shall check and supervise the accounting records of concerned parties on a regular basis to ensure the security of Fund assets. In the event that there is any dispute on the accounting treatment between the two parties, the treatment of the Fund Manager shall be taken as final.

In case that any inconsistency is detected in the accounts of the concerned parties in the account checking, the Fund Manager and the Fund Custodian must identify the cause for the inconsistency and solve the problem in time so as to ensure full consistency in the accounting records concurrently registered by the concerned parties. If any inconsistency is detected in verification on that day, reason of the error in account is not found for the time-being and the calculation and announcement of the Net Value of the Fund is thus influenced, the account books of the Fund Manager shall precede.

#### (V) Preparation and Review of Regular Reports of the Fund

The financial statements of the Fund are respectively prepared by the Fund Manager and the Fund Custodian on a monthly basis. The preparation of monthly reports shall be completed within five working days of the end of each month.

The Fund Manager shall complete the preparation and make announcements of quarterly reports within 15 working days of the end of each quarter; complete the preparation and make announcements of interim reports within 2 months at the end of each half-an-accounting-year period; and complete the preparation and make announcements of annual reports within 3 months of the end of each accounting year.

The Fund Manager shall, on the day when the preparation of a monthly report is completed, provide the Fund Custodian with the report after affixing its seal to it by encrypted fax; the Fund Custodian shall, within three working days of its receipt of it, review the report and notify the Fund Manager of the review result in writing. The Fund Manager shall, on the day when the preparation of a quarterly report is completed, provide the Fund Custodian with the report; the Fund Custodian shall, within seven working days of its receipt of it, complete the review of the report and notify the Fund Manager of the review result in writing. The Fund Manager shall, on the day when the preparation of an interim report is completed, provide the Fund Custodian with the report; the Fund Custodian shall, within 30 working days of its receipt of it, complete the review of the report and notify the Fund Manager of the review result in writing. The Fund Manager shall, on the day when the preparation of an annual report is completed, provide the Fund Custodian with the report; the Fund Custodian shall, within 45 working days of its receipt of it, complete the review of the report and notify the Fund Manager of the review result in writing.

In case that the Fund Custodian detects any inconsistency in the financial statements of the concerned parties in the review, the Fund Manager and the Fund Custodian shall jointly find out the causes for the inconsistency and make an adjustment based on the accounting treatment accepted by the concerned parties. After checking a report provided by the Fund Manager and verifying that there is no mistake, the Fund Custodian shall stamp the official seal of the custody department on the report or issue a review opinion letter stamped with the same seal. Each of the two parties shall keep a counterpart of the report or opinion letter. If the Fund Manager and the Fund Custodian cannot agree on a relevant



financial statement before the day when it shall be published, the Fund Manager has the right to publish the statement prepared by itself and the Fund Custodian has the right to have the relevant information filed with the CSRC.

The Fund Custodian shall, after finishing the review of a financial and accounting report, quarterly report, interim report or annual report, stamp the report for confirmation or issue a corresponding letter of review confirmation, as a reminder for review of related documents conducted by authorities.

## **VI Safekeeping of the Register of Fund Unitholders**

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. The registers of Fund Unitholders must include names of Fund Unitholders and the amount of Fund Units held by them.

Registers of Fund Unitholders shall be prepared and safekept by the Fund Registration Agency in accordance with instructions of the Fund Manager; the Fund Manager and the Fund Custodian shall safekeep the Registers of Fund Unitholders respectively in accordance with relevant rules, either in the form of electronic document. The term of safekeeping shall be 15 years.

The Fund Manager shall timely submit to the Fund Custodian registers of Fund Unitholders prepared on such dates 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 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 registers of Fund Unitholders so safekept 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 Manager or Fund Custodian fail to properly safekeep the registers of Fund Unitholders due to self-reasons, corresponding liabilities shall be borne by themselves in accordance with related rules in law.

## **VII. Changes and Termination of the Custodian Agreement and Liquidation of Fund Assets**

### **(I) 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.

#### **2. Termination of the Custodian Agreement**

In the following cases, this Custodian Agreements terminates:

- (1) 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) Things leading to the termination as stipulated in the laws and regulations or the Fund Contract happen.

### **(II) Liquidation of Fund Assets**

1. Fund-asset liquidation group: The fund-assets liquidation group shall be established within 30 working days after the date of occurrence of the causes

for termination of the Fund Contract, which will be led by the Fund Manager to conduct liquidation of Fund assets under the supervision of the CSRC.

2. 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 the fund-assets liquidation group consist of the Fund Manager, the Fund Custodian, certified public accountants 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 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, the Fund shall be taken over by the Fund-asset liquidation group in whole;
- (2) To identify and confirm assets, debts and liabilities of the Fund;
- (3) To value and realize Fund assets;
- (4) Liquidation group of the Fund shall prepare the liquidation report;
- (5) To engage an accounting firm to audit the liquidation report;
- (6) To engage a law firm to issue legal opinions on the liquidation report;
- (7) To report the results of Fund liquidation to the CSRC;
- (8) To publish the Fund's liquidation announcement;
- (9) To distribute Fund assets.

6. Costs for Liquidation

Liquidation costs refer to all reasonable expenses incurred by the Fund-asset liquidation group during the Fund liquidation, which costs shall be paid by the Fund-asset liquidation group from Fund assets in priority.

7. Fund assets shall be distributed after settlement of the liabilities in the

following order:

- (1) Payment of liquidation costs;
- (2) Payment of taxes owed;
- (3) Settlement of the liabilities of the Fund; and
- (4) Distribution to Fund Unitholders in proportion to Fund Units they hold.

Fund assets shall not be distributed to the Fund Unitholders until the costs and liabilities stated in Items (1) - (4) above are settled.

## **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 provides 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 Center provides operator inquiry services from 9 a.m. to 5 p.m. on weekdays.

### **3. Voice-mail Services**

Investor can leave voice messages to customer service centers about questions and suggestions with contact information and can receive reply within two working days.

### **(II) Subscribing to Statement Service**

Investors may subscribe to the statement service through the customer service hotline, electronic mailbox, facsimile and mail of the Company. On the condition that the Company has received accurately the mail address, mobile phone number and electronic mailbox of the Investor, it shall provide electronic mail, phone message and paper statement to Investors subscribing to the statement service:

1. Electronic 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 the Fund balance at the end of the period, market value of Units at the end of the period, trading details and dividends etc.. The Company will send electronic reconciliation statement to every registered subscriber with available e-mail address within 10 Working Days from the end of each monthly period.

2. Text Message Reconciliation Statement

Text message reconciliation statement refers to the bank reconciliation reaching the Fund Unitholders for Unit account checking in the form of text message. Text message reconciliation statement includes but is not limited to Fund balance and market value of Units at the end of the period. The Company will send text message reconciliation statement to every registered subscriber with available mobile phone number within 10 Working Days from the end of each monthly period.

3. Paper Reconciliation Statement

If Investors wish to obtain reconciliation statements of specified periods in paper, they may call the Company's customer service hotline at 400-81-95533 (free of long-distance call charges) and press "0" to switch to operator service, and provide their names, identity document number for opening the account or Fund account, mailing address, postal code and contact phone number. After the customer service staff has verified the correctness of all information, the reconciliation statement in paper shall be sent to the Investors for free 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, news of CCB, news of the Company 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 the direct sales counter about elaborate procedures of various businesses.
4. Download 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 funds and relevant business rules.
7. Message box: Investor can leave messages to the Customer Service Center about questions and suggestions with contact information via online message box and can receive reply within two working days.

#### (IV) Text Message Service

1. 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 notices. 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) Electronic Mail Service

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#### (VI) WeChat Service

The Company provide services such as financial management information and Fund information enquiry through the official WeChat instant messaging service platform for Investors. Investors may search on WeChat for “CCB Fund” or “ccbfund” and subscribe.

Investors may check the Net Value of the Fund, product information, dividend information and financial management information. Investors who have opened a CCB Fund account may, after locking their WeChat accounts with the Fund account, check information such as Fund Units and transaction details.

(VII) Password Unlock/Reset Service

To guarantee security of Investor's account, 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 your password in case of such situation.

(VIII) Handling Suggestions and Complaints from Customers

Investors may propose suggestion or file complaint by leaving online messages, leaving voice messages via customer service hotline, talking to customer service operator on the phone, by letter or fax. The customer service will reply within two working days.



## XXII. Other Disclosures

From 26 October 2019 to October 25, 2020, provisional announcements of the Fund were published on Shanghai Securities, the Website of the Fund Manager: [www.ccbfund.cn](http://www.ccbfund.cn) and other prescribed media.

No.	Contents of Announcement	Statutory Methods of Disclosure	Statutory Date of Disclosure
1.	Announcement of CCB Principal Dual Income Bond Fund on suspension and resumption of subscription, switching-in and periodic subscription services	Designated Newspapers and/or Company Website	October 23, 2020
2.	Announcement on the addition of Min Shang Fund Sales (Shanghai) Co., Ltd. as sales agency of the Company and participation of promotional activity of subscription fee rate	Designated Newspapers and/or Company Website	September 18, 2020
3.	Announcement on addition of China Life Insurance as the consignment agency of certain open-ended fund of CCB Principal Asset Management Co., Ltd. and also participation of promotional activity of subscription fee rate	Designated Newspapers and/or Company Website	August 22, 2020
4.	Announcement on addition of Huo Geng Chuan Cheng Fund Sales Co., Ltd. as the sales agency of the Company and also participation of promotional activity of subscription fee rate	Designated Newspapers and/or Company Website	July 29, 2020

5.	Announcement of CCB Principal Dual Income Bond Fund on suspension and resumption of subscription, switching-in and periodic subscription services	Designated Newspapers and/or Company Website	July 10, 2020
6.	Dividend announcement of CCB Principal Dual Income Bond Fund	Designated Newspapers and/or Company Website	July 10, 2020
7.	Announcement on addition of Fan Hua Puyi Fund Sales Co., Ltd. as the sales agency of the Company and also participation of promotional activity of subscription fee rate	Designated Newspapers and/or Company Website	June 10, 2020
8.	Announcement on addition of Sunshine Life Insurance Co., Ltd. as the consignment agency of certain open-ended fund of CCB Principal Asset Management Co., Ltd.	Designated Newspapers and/or Company Website	June 5, 2020
9.	Announcement on addition of Dalian Wang Jin Fund Sales Co., Ltd. as the sales agency of certain open-ended fund of CCB Principal Asset Management Co., Ltd. and also participation of promotional activity of subscription fee rate	Designated Newspapers and/or Company Website	May 30, 2020
10.	Announcement on participation of China Bohai Bank's promotional activity of subscription fee rate and regular investment fee rate by certain open-ended fund of CCB Principal Asset Management Co.,	Designated Newspapers and/or Company Website	May 26, 2020

	Ltd.		
11.	Dividend announcement of CCB Principal Dual Income Bond Fund	Designated Newspapers and/or Company Website	April 20, 2020
12.	Announcement of CCB Principal Dual Income Bond Fund on suspension of massive subscription, switching-in and periodic subscription services	Designated Newspapers and/or Company Website	April 17, 2020
13.	Announcement on the addition of Huarui Insurance Sales Co. Ltd. as sales agency of the Company and participation of promotional activity of subscription fee rate	Designated Newspapers and/or Company Website	April 8, 2020
14.	Announcement of CCB Principal Dual Income Bond Fund on suspension of massive subscription, switching-in and periodic subscription services	Designated Newspapers and/or Company Website	January 22, 2020
15.	Dividend announcement of CCB Principal Dual Income Bond Fund	Designated Newspapers and/or Company Website	January 16, 2020
16.	Announcement of CCB Principal Dual Income Bond Fund on suspension and resumption of subscription, switching-in and periodic subscription services	Designated Newspapers and/or Company Website	January 16, 2020
17.	Notification announcement regarding the fund contract and prospectus (updates) of 117 funds managed by CCB Principal Asset	Designated Newspapers and/or Company Website	December 31, 2019

	Management Co., Ltd.		
18.	Announcement on amendment to fund contract for certain funds managed by the company in accordance with the Administrative Measures of Information Disclosure for Publicly Offered Securities Investment Funds	Designated Newspapers and/or Company Website	December 31, 2019
19.	Announcement of CCB Principal Dual Income Bond Fund regarding contract revision comparison table	Designated Newspapers and/or Company Website	December 31, 2019
20.	Announcement on appointment of new accounting firm for certain funds managed by CCB Principal Asset Management Co., Ltd.	Designated Newspapers and/or Company Website	November 13, 2019
21.	Announcement on the addition of Shanghai Liantai Fund Sales Co., Ltd. as consignment agency of certain funds including the CCB Principal Consumption Upgrade Fund	Designated Newspapers and/or Company Website	November 12, 2019

Investors may refer to the above announcements on Shanghai Securities News, the Website of the Fund Manager: [www.ccbfund.cn](http://www.ccbfund.cn) and other prescribed media.

### **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 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. Documents of the CCB Principal Dual Income Bond Fund approved by the CSRC
2. Fund Contract of CCB Principal Dual Income Bond Fund
3. Custodian Agreement of CCB Principal Dual Income Bond Fund
4. Legal Opinions on Application of Offering of CCB Principal Dual Income Bond Fund
5. Business qualification documents and business licenses of the Fund Manager.
6. Business qualification documents and business licenses of the Fund Custodian.
7. Other documents required by the CSRC

Storage Location: The domicile of the Fund Manager and the Fund Custodian

Access: Investors can inspect the documents for free during office hours or purchase the copies with the cost expenses.

CCB Principal Asset Management Co., Ltd.

December 2020